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JAPAN'S TAXES

A bribery scandal threatens reform

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Table with exchange rates for various countries including Australia, Belgium, Canada, Denmark, etc.

World News

West German hostage in Lebanon may be released

The extremist Shia Moslem group known as the Holy Warriors for Freedom said it would free West German hostage Rudolf Cordes, held since January 1987.

Business Summary

Allied Irish move for full control of US affiliate

ALLIED Irish Banks is offering to buy full control of First Maryland, its US banking affiliate, and will make a rights issue to raise \$111m.

Moscow seeks to eradicate loss making industry

THE SOVIET Government has called for a plan of action to "liquidate" loss-making enterprises - estimated to cost the Soviet economy \$1.1bn (\$17.5bn) a year - including for the first time the possibility of bankruptcy.



Zbigniew Brzezinski: Lashes out at Dukakis

Bush signs up former top adviser to Carter

By Stewart Fleming, US Editor, in Washington

Macmillan in buyout bid to stop Maxwell

By Anatole Kaletsky in New York and Raymond Snoddy in London

MACMILLAN, the US publishing house which has been battling a \$2.5bn takeover bid from Britain's Maxwell Communication Corporation yesterday announced a management-led leveraged buyout, worth marginally more than Maxwell's latest \$84 a share offer.

MEPs to see Arafat

Socialist members of the European Parliament maintained plans to meet Yasser Arafat, chairman of the Palestine Liberation Organisation, despite protests from Jewish organisations across the EC.

Burma poll spurned

Opposition politicians and demonstrators in Burma rejected a Government plan for multi-party elections within three months and called for the immediate establishment of an independent interim administration.

Mozambique talks

Presidents P.W. Botha and Joaquim Chissano of South Africa and Mozambique pledged to revive a moribund 1984 non-aggression pact.

Ramstein toll 60

Another victim of the mid-air collision at West Germany's Ramstein air show died, bringing the overall toll to 60.

Olympic gesture

North Korea was offered free television coverage of the Olympic Games, in a conciliatory gesture following Pyongyang's failed bid to share their staging with Seoul.

Beirut election bid

Lebanon's parliament is to be called into session on September 22 for a last ditch attempt to elect a successor to President Amin Gemayel, whose six-year term runs out the following day.

Papandreou moved

Greek Prime Minister Andreas Papandreou was moved to a hospital in the London suburbs in preparation for heart surgery later this week. Political stage empty.

Hurricane Gilbert

Extensive damage was feared in Jamaica, Cuba and Haiti were placed on storm alert, as Hurricane Gilbert brought torrential rain and 185km per hour winds to the Caribbean.

Colombo paralysed

The Sri Lankan capital was brought to a virtual standstill by protests against the death in custody of a civil rights lawyer last week.

Delhi bus stop bomb

One person was killed and 19 injured when a bomb exploded at a bus terminal in Delhi's Shahdara area. Two other bombs were safely defused.

UK post peace

Britain's Post Office management and Union of Communication Workers reached agreement on a peace formula to end the post fortnight's strike disruption.

Wilder tennis No 1

Swede Mats Wilander replaced Ivan Lendl as the world's top ranked tennis player when he beat his Czechoslovak rival by three sets to two in a gruelling US Open final.

Pöhl sees no problem with current dollar value

By Simon Holberton in Basle

Ford and Nissan join forces to build passenger vehicle in Ohio

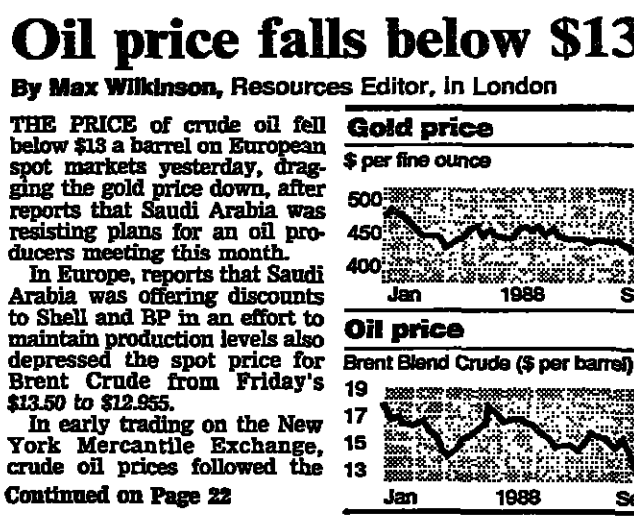
By Kevin Done, Motor Industry Correspondent, in London

Oil price falls below \$13

By Max Wilkinson, Resources Editor, in London

MARKETS section containing tables for Coffee, Sterling, Dollar, and Stock Indices.

CONTENTS section listing various news items and their page numbers.



Advertisement for the International Bank for Reconstruction and Development, featuring a \$1 Billion Swap Facility for European Counterparties.







OVERSEAS NEWS

**Extremists bring Colombo to standstill**

By Mervyn de Silva in Colombo

COLOMBO and its suburbs were at a standstill yesterday in response to a call by the proscribed extremist People's Liberation Front (PLF) for a day of national mourning for the 33-year-old civil rights lawyer who died in police custody last week.

The Government's chief medical officer told the highest court that he died of internal bleeding caused by a severe beating. Mr Liyanarachchi had filed nearly 100 habeas corpus applications on behalf of JVP activists detained under the provision of emergency law.

Some state-owned buses and private cars were seen on the roads yesterday morning and a few government offices and banks were open. But shops, businesses and hotels were closed and the capital was a dead city. The Government - alarmed at the strength of the response to the JVP - announced that it would withdraw licences from private buses unless they started running immediately.

There was some confusion about the JVP appeal which was made in hurriedly distributed leaflets in the city and main towns. According to reports from the south - the JVP stronghold - the organisation is calling for a five-day hartal (general protest) until next Saturday, President Junius Jayawardene's 82nd birthday.

The hartal coincided with the publication yesterday morning of President Jayawardene's proclamation announcing the "merger" of the Tamil

Seventeen people were injured when JVP rebels threw a bomb in the Sri Lankan capital yesterday during the hartal. The bomb was aimed at a lawyer in police custody. A senior police official said rebels also set fire to two buses and a train.

Northern Province and the ethnically mixed (Tamil, Moslem and Sinhalese) Eastern Province, one of the most explosive areas in the island's years of violent communal politics.

The presidential proclamation also makes Tamil a national language, although Sinhala remains the official language. Regional autonomy for the Tamil and Sinhalese of power to provincial councils are provisions of the Indo-Sri Lanka peace accord signed in July last year by Mr Rajiv Gandhi, Prime Minister of India, and President Jayawardene.

Polls have already been held in the seven Sinhalese provinces. The north and east will go to the polls in late November. President Jayawardene has argued that the merger may be only temporary, after one year, the Eastern Province will decide in a referendum whether to continue with the merger.

The democratic opposition led by Mrs Sirimavo Bandaranaike, the former prime minister, is unimpressed. Denied parliamentary elections by a questionable referendum held under emergency rules in 1982, Mrs Bandaranaike's Freedom Party has seized the issue to rally the Sinhalese who have many other grievances, mainly economic, against an authoritarian regime that has overstayed its welcome.

Mr Gandhi is anxious to see polls in the merged Sri Lankan province before the end of the year. He has imposed a curfew in the southern Indian province of Tamil Nadu, home of 50m Tamils who support the grievances of the minority Tamil population in Sri Lanka.

Mr Gandhi said last week that the Tamil people in both Sri Lanka and in Tamil Nadu supported the July 1987 accord because it meets Tamil aspirations regarding their "homeland", their language and devotion. The Sinhalese should appreciate that India stands firmly against secession (a separate Tamil state). "We are totally opposed to separation since secession in Sri Lanka can mean 20 secessions in India," he said.

Mrs Bandaranaike said that if the Government used the current wave of violence as an excuse to postpone elections and declare martial law, "I shall be the first to take to the streets. The authorities should learn from what happened in the Philippines, South Korea and now Burma. Free and fair elections is all I demand."

**Japanese trade surplus eases as imports surge**

By Ian Rodger in Tokyo

JAPAN'S merchandise trade surplus in August eased 4 per cent year on year to \$4.5bn, reversing a strong trend that had developed in the previous two months, and rejuvenating speculation about a strengthening of the dollar.

The move surprised many economists in Tokyo, who had expected the rising trend to continue because of the resurgence of Japanese exports. While exports did continue to grow strongly in August, rising 18.2 per cent to \$20.8bn, imports grew even faster, rising 27.5 per cent to \$15.9bn.

There did not appear to be any extraordinary factors boosting the import growth. On the contrary, oil imports were down 15.9 per cent following a surge in July in advance of a tax increase.

The trade balance with the US tumbled 13 per cent year on year to \$3.3bn, as imports jumped 39.3 per cent to \$3.7bn while exports grew only 3 per cent to \$6.9bn.

Economists remained con-

cerned that Japan's export performance was continuing to improve. Mr David Pike of brokers UBS Phillips and Drew in Tokyo said that this meant that the country had to continue to draw in imports at a very high rate if it was to make any progress in bringing down its trade surpluses. "They will have to maintain strong domestic demand growth if they want the adjustment process to continue," Mr Pike said.

Mr David Gerstenhaber of brokers Morgan Stanley noted that the strong growth of exports by both Japan and the US indicated in these figures could arouse fresh concern in both countries about capacity constraints and inflation. Japan's exports to the EC were up 28.3 per cent to \$3.6bn but its imports from the EC jumped 46.3 per cent to \$2.1bn. Imports from South-east Asian countries rose 27.6 per cent to \$4bn while exports rose 28.2 per cent to \$5.5bn.

On a seasonally adjusted basis, the total surplus fell to \$5.5bn from July's \$6.2bn. Despite this agreement, the way ahead for both the LDP and the tax reform plan is still fraught with difficulties. For one thing, the current legislative session is due to end in only a fortnight. For another, there could be more revelations from a simmering stock market scandal that could damage the ruling party.

Last week began auspiciously enough for the LDP. It scored a decisive victory on Sunday in a potentially troublesome regional election, but the party's joy was soon clouded. On Monday an opposition Diet member revealed that an official of a company at the centre of a recent stock market scandal had tried repeatedly to bribe him not to probe the case too vigorously.

The Diet member, Mr Yanosuke Narasaki, even produced film of one of the attempts, having invited a television station to film it secretly.

The scandal involves the large windfall profits made by a number of prominent people who were secretly offered shares in a small property com-

**Tokyo survives a long week in politics**

Ian Rodger reports on the collision course of a bribery scandal and a tax reform bill

JAPANESE government leaders have acknowledged privately for months that their plan to push through a comprehensive tax reform this year would produce nasty and noisy scenes of confrontation both in the Diet (Parliament) and in the country at large.

Whether the dramatic events of the past week, including the disclosure of secretly filmed scenes of attempted bribery of a politician, were within the bounds of the leadership's expectations is not clear.

However, by the weekend, it appeared as if the ruling Liberal Democratic Party (LDP) once again had the upper hand. It finally won the implicit agreement of the opposition parties to put its tax reform bills on the legislative agenda.

Despite this agreement, the way ahead for both the LDP and the tax reform plan is still fraught with difficulties. For one thing, the current legislative session is due to end in only a fortnight. For another, there could be more revelations from a simmering stock market scandal that could damage the ruling party.

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Enrolled in the scandal, from left: Watanabe, Nakasone, Abe and Miyazawa

pany, Recruit Cosmos, four years ago prior to its public flotation. Among those who received the shares were close aides of Mr Noboru Takeshita, the Prime Minister, Mr Yasuhiro Nakasone, the former prime minister, Mr Kiichi Miyazawa, the Finance Minister, Mr Shinzaro Abe, LDP secretary general and Mr Michio Watanabe, another leading LDP figure and potential future prime minister.

Until this week, the ruling party had been resisting opposition demands for a parliamentary inquiry into the case even though all the political leaders involved, with the exception of Mr Watanabe, claimed they had no knowledge of the transactions.

But in the full glare of the publicity over the attempted bribery revelations, the LDP gave in. It also agreed that Mr Hiromasa Esoue, the former chairman of Recruit Cosmos and the one who offered the shares, should testify in the Diet.

Meanwhile, Mr Narasaki, the politician who was the object of the bribery attempt, filed a complaint with the Tokyo dis-

trict prosecutor against the official who confessed to making it, and against Mr Esoue and another Recruit director. The prosecutor has begun an investigation.

Despite its battering, the LDP ploughed doggedly ahead on its tax reform plan and by the weekend appeared to have made some progress.

The LDP's aim is to pass six tax reform bills, one of which would introduce a consumption tax, in the extraordinary Diet session which started in mid-July and is due to end on September 26. So far, the bills have not even been introduced because of opposition resistance to putting them on the agenda. The opposition parties all consider the consumption tax regressive.

On Friday, the LDP and opposition parties made a deal. A parliamentary committee would be set up. It would first inquire into the Recruit affair and discuss the opposition's demands to close loopholes in the existing tax system. Then, it would discuss "other problems", a phrase universally acknowledged to refer

to the LDP tax plan.

The LDP has a clear majority in the Diet. It could, if it wished, impose a limit on debate on Recruit and existing tax issues in the committee and then run through its tax bills. It could, theoretically, force an extension of the Diet session. But the custom in Japanese politics is that the ruling party does not take advantage of its majority if all the opposition is united against it.

The Japan Socialist Party, the largest opposition party, has made clear that it will still do everything it can to block discussion of the consumption tax, but two other opposition groups, the Democratic Socialist Party and the Komeito, appear to be taking a more flexible attitude. The DSP has links with trade unions that would benefit from the tax reforms and the Komeito has been weakened recently by internal strife.

The LDP has recently been appealing directly to public opinion - a rare phenomenon in Japanese politics - through newspaper advertisements and speeches asking for support for its tax reform plan. Polls indi-

cate that opposition to the consumption tax has dropped from about 80 per cent last year to just over 50 per cent. Thus, it looks as if the LDP may be able to make some progress towards discussing its tax bills in the next few days. It should also be able to get agreement to extend the legislative session if, as seems increasingly likely, that becomes necessary.

In a move that suggests considerable confidence, the ruling party decided late on Friday to appoint Mr Shin Kanemaru, a former deputy prime minister and mentor of Mr Takeshita, as chairman of the new parliamentary committee. Mr Takeshita, who has already said he is staking his political life on the tax reform, would be in a tough spot if even Mr Kanemaru could not succeed.

The only thing that could halt the LDP's progress at this point is the possibility of damaging new revelations in the Recruit case emerging from one of the two inquiries. If the opposition parties get a sniff of something, they would be inclined to drag out the parliamentary inquiry and block discussion of the tax issues.

If something substantial does come out, the LDP could be in real trouble. The potential problem lies not so much in the fact that large amounts of money were allegedly given secretly to leading politicians. That is commonplace in Japan. It is rather in the politicians' claims that they knew nothing

So many of the party's leaders have been linked to the case that, if a direct connection was found, the LDP leadership succession could be problematic. It is interesting, in this context, that in recent weeks Mr Nakasone has been assuming a higher profile, making critical remarks about his successor and admitting publicly that the idea of a comeback has occurred to him.

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**Re-exports boost HK trade growth of 29%**

By Michael Murray in Hong Kong

BUOYED by runaway growth in the re-export sector, the value of Hong Kong's merchandise trade rose by 29 per cent to HK\$323.1bn (\$40bn) during the first seven months of 1988, figures released by the colony's Census and Statistics Department show.

Re-exports rose by 47 per cent to HK\$141.3bn, reflecting both an increase in manufacturing activity across the Chinese border by Hong Kong companies, as well as China's own export drive.

The value of re-exports to Japan leapt by 89 per cent to HK\$28.9bn, while the value of goods bought for Taiwan rose 45 per cent to HK\$7.7bn. Re-exports into China rose 50 per cent to HK\$47.1bn.

During the seven-month period, the value of Hong Kong's domestic exports to the US fell by 3 per cent to HK\$38.5bn, continuing the trend of reduced dependence on the colony's largest market.

A 21 per cent increase in domestic exports to the UK, and double-digit increases to West Germany and Japan, helped compensate for this decrease, and Hong Kong's total domestic exports still managed to grow by 11 per cent to HK\$115.8bn for the January-July period.

Imports during the seven-month period rose by 30 per cent to HK\$266.1bn, leaving Hong Kong with a visible trade deficit of HK\$93bn.

**Burmese opposition spurns Government's election offer**

By Roger Matthews in Bangkok

OPPOSITION politicians and demonstrators in Burma were united yesterday in their rejection of the Government's proposal to hold general elections open to all parties within three months.

Demonstrators again brought the centre of Rangoon to a standstill and shouted slogans demanding the removal of President Maung Maung and the Burmese Socialist Programme Party which has ruled the country for 26 years. They called for an immediate establishment of an independent interim government to oversee any elections.

Bangkok Radio said yesterday the army would shoot peo-

ple distributing leaflets claiming top military officers had defected to the opposition. The government broadcast came after handbills at a demonstration had claimed leaders of the navy and air force had issued an ultimatum to the Government to resign by today.

The All-Burma Student Union, meanwhile, passed out pamphlets which said that yesterday would be the final day of peaceful protest. Some diplomats sense a change in the mood of the demonstrators and one said there was now a grim realisation that the ruling party, despite its concessions, still believed it could hang on to power.

**Howe stresses Britain's close links with Kenya**

By Michael Holman in Nairobi

SIR GEOFFREY HOWE, the British Foreign Secretary, yesterday announced an additional £10m development grant to Kenya demonstrating that concern over human rights and the increasingly autocratic style of President Daniel arap Moi has not undermined the close ties between the two countries.

Kenya will also receive a \$4.6m British contribution to the country's population project. Its birth rate of around 4 per cent a year is the highest in the world and the population of more than 20m is likely to rise to 35m by the year 2000.

Sir Geoffrey, who had an hour-long meeting with President Moi yesterday, said Britain admired Kenya's remarkably successful record

of stability and economic progress since independence in 1963. Kenya's record, he said, "of free speech, tolerance and respect for human dignity is very good indeed".

In a speech last night at a banquet in his honour, Sir Geoffrey did, however, make the point of raising what is a highly sensitive issue. In what amounted to a gentle but pointed caution, he said: "We tend to judge Kenya's human rights performance by high standards. All the more important to maintain this record and show critics that they are wrong."

Kenya receives more UK aid (\$30m last year) than any other country in Africa and is second in that, only to India in the world.

**Botha visits Mozambique**

PRESIDENT P.W. Botha of South Africa flew deep into Black Africa yesterday to pledge his goodwill towards Mozambique - a land devastated by guerrilla attacks. Pretoria is frequently accused of

supporting. Reuters writes from Songo, Mozambique.

"We also stand for co-operation and development," Mr Botha said after talks with President Joaquim Chissano. "The Republic of South Africa and its government are very much in favour of seeing our neighbours prosper and develop."

It was Mr Botha's first visit to one of the Frontline States, an alliance of black-ruled countries in the region that oppose South Africa's race policies. Discussions centred on removal of economic co-operation, including supply of power from the Cahura Bassa hydro-electric dam to South Africa, and revival of a 1984 non-aggression treaty under which Pretoria promised to stop supporting right-wing rebels.

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## IT WOULD MAKE A GREAT EPITAPH FOR AN ITV COMPANY.

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I want to achieve it through not dying."

**TVS ENTERTAINMENT**



WORLD TRADE NEWS

# US rejects Japanese request to remove tariffs

By Ian Rodger in Tokyo

MR William Verity, the US Commerce Secretary, has once again rejected a Japanese request to remove punitive tariffs on a range of Japanese imports to the US. The sanctions were imposed last year because of Japan's alleged infringement of a bilateral semiconductor agreement.

But the Secretary, who is visiting Japan with a US trade delegation, would not comment on suggestions made last week by US semiconductor makers and consumers that the sanctions be increased.

Mr Verity said in Tokyo that part of the agreement, calling for an increased share in the Japanese chip market for US producers, was not being realised. The US share was only about 10 per cent, no bigger than in 1982, he added.

In a letter accompanying the agreement, the Japanese side "recognised the US semiconductor producers' expectations

that the US market share in Japan would reach 20 per cent within five years. Mr Verity acknowledged that US chip shipments to Japan have been growing rapidly because of strong demand in the Japanese market, but regretted that there still seemed to be barriers in some sectors.

"Why can't we sell our semiconductors to the Japanese car industry?" he asked, pointing out that US chips are considered the best by both the European and US car industries.

Japanese government officials feel there is no longer any justification for maintaining the sanctions. They say the main reason US market share in Japan has not increased more quickly is that US producers do not have enough capacity to supply the fast growing market.

Despite the continuing friction over chip trade, Mr Verity said he was pleased with the

progress of bilateral trade relations in general over the past year. "Most of the problem areas in the trade arena with Japan have been solved in the past year," he said.

Japanese officials are very worried about the implementation of the recently passed omnibus trade act, but Mr Verity predicted that the new Administration, whichever party it came from, would implement the legislation "in such a way that you will have nothing to fear".

He also tried to assuage anger in Japan about the inclusion of sanctions against Toshiba, the Japanese electrical company, in the bill. "We will amend that part of the bill so it will not be a detriment to Japan," he said, adding that the US appreciated Japan's greatly increased cooperation in blocking exports of high technology goods to the Soviet Union.

# Turkey sees EC entry as key to foreign investment

By David Buchan in Istanbul

TURKEY sees entry into the European Community as its "main means" of attracting private foreign investment, Mr Turgut Ozal, its prime minister, told EC businessmen yesterday.

The Turkish leader was speaking in the wake of last week's critical report by the Organisation for Economic Co-operation and Development (OECD), which attributed Turkey's "disappointing level" of foreign investment to the country's soaring inflation rate.

Addressing an EC-Turkish business week, organised by International Business Ser-

vices (IBS) for the European Community and the Ankara Government, Mr Ozal pledged a progressive reduction in inflation from nearly 70 per cent recently to 20 per cent by 1992.

Foreign doubts about the longevity of his generally pro-business Government had, Mr Ozal said, arisen because the Turkish opposition has sought to turn the September 25 referendum (on whether early municipal elections should be held) into a confidence vote on his Government.

The premier said his ruling Motherland Party would use

the entire five-year mandate it won last year, regardless of the referendum's outcome.

Mr Claude Chaysson, the EC Commissioner for Mediterranean policy, has forecast that the Commission's opinion on Turkey's 1987 application for EC membership would come in the first half of 1988. He believed EC member states would find it politically difficult to be negative on the Turkish bid, though any entry negotiations would be long and hard.

Many Europeans are worried about more Turkish workers

swelling the ranks of Europe's unemployed. Mr Ozal suggested that more inward EC investment would keep more Turks at home, "and free circulation of (Turkish) labour will cease to be a problem for member states".

The Turkish leader appeared yesterday to assume a bias toward Turkish entry among the representatives of 174 EC companies. They would, he believed, respond less to "prejudices and fixed ideas lying in the dusty pages of history" than the Community's politicians and bureaucrats.

Turkish officials yesterday promised that January 1989 would see a 30 per cent closer alignment between Turkish tariffs and the EC's common external tariff toward Third World countries, but they foreshadowed no further cuts on duties between the Community and Turkey itself.

The tariff question is of key importance to the EC businessmen gathered here to discuss joint ventures in tourism, chemicals, electronics, food, mining and mechanical engineering with representatives of some 252 Turkish companies.

# EC concern at US textile bill

THE European Economic Community expressed concern yesterday about the approval by the US Senate last Friday of the textile and apparel trade bill, AP reports from Brussels.

Mr Willy de Clercq, European External Relations Commissioner, said that the bill, if enacted, would "inevitably lead to the collapse" of the Multi-Fibre Agreement, which regulates world trade in textiles, and "seriously jeopardise" the Uruguay round of interna-

tional trade negotiations.

The US Senate approved draft legislation that would put limits on US imports of textiles, apparel and shoes. The vote fell too short, however, to override an expected veto by President Reagan. The measure must be approved by the US House of Representatives before going to Mr Reagan.

Mr De Clercq said that the Senate's move "can only add to existing uncertainty in world trade" because it came soon

after last month's enactment of the US trade bill.

He hoped the US Administration's opposition to the bill would be maintained and that President Reagan would veto the draft law.

Mr Martin Fitzwater, White House spokesman, has already said President Reagan will veto the bill if it reaches his desk. Mr Reagan vetoed an earlier version of the textile trade bill last year after it was passed by the House of Representatives.

# Australia is diversifying its exports

By Chris Sherwell in Sydney

SMALL ships, computerised embroidery systems, bionic ears, green-keeping equipment and processed ginger have joined the lengthening list of successful Australian exports reinforcing the diversification needed to combat the country's external payments problems.

The expanding range was highlighted yesterday when the Australian Trade Commission (Austrade) and the Confederation of Australian Industry announced 53 finalists for the bicentennial year national export awards.

The awards are seen as the most important event in the national export drive begun in 1985, and are designed to recognise outstanding export achievement. Apart from cash prizes, they bring the winners publicity and distinction.

This year's finalists, selected in groups of five across seven

categories covering manufacturing, services and commodities, are a reminder of the changes under way in the Australian economy.

Australian Shipbuilding Industries, for example, which is a finalist in the large manufacturer category, is the country's largest builder of small ships. By chalking up sales to India, Saudi Arabia, Kenya and various South Pacific countries, exports now represent 74 per cent of the total.

Cochlear, in the medium manufacturer category, makes the ingenious bionic ear implant system, which restores a measure of hearing to profoundly deaf patients. It is part of the Nucleus group, and its exports comprise more than 90 per cent of sales.

One novel competitor is Burt's Ginger, which sells processed ginger to Cadbury-

Schwepes of the UK. A growers' co-operative in Queensland, it has doubled sales since 1983 and earns 65 per cent of the total from exports.

Bionic ears are among the items which are boosting Australian exports

The manufacturer of computerised embroidery systems is Wilcom, and it is fighting to win the small manufacturer category. Significantly, its product has no real domestic market, and 98 per cent of sales are abroad.

Another competitive sector will be the new exporter category, where Greenacre, which has an unusual international turf maintenance business, will find among its rivals Western Australia's Gold Corporation.

producer of the successful Australian Nugget busson coin, which has quickly captured 18 per cent of the world market.

Other businesses battling for supremacy include 22 fashion diversification. They include the Ashton diamond mining group, a producer of cut and polished opals, and a major exporter of livestock to the Gulf.

The winners of the awards are due to be announced at a ceremony in Brisbane next month.

# S Koreans file against French

A SOUTH KOREAN cement maker has filed an anti-dumping suit with the Seoul government against a French company, the Ministry of Finance said yesterday, AP-DJ reports from Seoul.

The ministry said Union Corp, South Korea's only manufacturer of alumina cement, formally lodged the lawsuit with the Customs Deliberation Committee, charging dumping in Korea by Lafarge Fonderie Industrielle de France.

Union localised production of the fire-proof and chemical-resistant cement last September, and has since suffered serious business losses due to the alleged dumping by Lafarge, which has 70 per cent of the world market, Union officials said.

A Union spokesman accused Lafarge of selling cement at discounts of up to 186 per cent.

# Bill backers eager to beat opponents

SENATE supporters of the textile and apparel industries are going into this week determined to break their opponents' grip on import restraint legislation and send the bill to the House of Representatives once for all, AP reports from Washington.

"Business is business," Sen. Ernest F. Hollings declared on Friday as the Senate approved the bill 57-32. "Business is not fair. It's no use crying and moaning about fairness. We've got to do something."

The bill, designed to limit foreign competition to selected US industries, would freeze this year's textile and apparel imports at 1987 levels and limit growth to 1 per cent annually from then on.

Imports of non-rubber footwear would be capped at 1987 levels with no increases in market share for foreign manufacturers allowed.

Supporters say it would save American jobs while critics counter that it would raise

prices, narrow consumer choices and throw a wrench into the gears of international trade.

President Ronald Reagan's administration is vowing an all-out effort to block the textile bill, even if it means an election-year battle to sustain a presidential veto.

Opponents of the bill managed to keep it bottled up in the Senate over the weekend, even though it already has won approval.

A second vote is needed to send the measure to the House, which already has passed a similar bill and must now vote on Senate changes.

The opponents threatened to filibuster the second vote and it appeared that the Senate would not be able to wash its hands of the bill until today or even later. But there is no question that supporters will eventually get the bill to the House and this week's dispute mainly represents a mopping up action.

# The downturn in prices depressed oil companies while manufacturers benefited from weak sterling

## ICI pushes BP off the top of the UK export league

By Peter Montagnon, World Trade Editor

ICI TOPPED the ranks of leading British exporters last year, marking the first time since BP assumed the lead in 1976 that a manufacturing company has forced its way into the top position in the league table of exporters compiled each year by the FT.

With a 5.6 per cent increase in exports to £2,520m it gained a commanding lead over last year's winner, BP, whose own export sales rose by a slower 2.7 per cent.

The table shows how the continued weakness of the oil price has depressed the perfor-

mance of oil companies generally, while the weakness of sterling helped manufacturing companies consolidate their relative position in the table.

Weakness in world demand for investment goods, however, also depressed the heavy engineering sector, many of whose companies showed above average falls in their export totals.

While retaining its ranking as Britain's sixth largest exporter, GEC managed to increase its exports by only 1.3 per cent, the weakest performance of any company in the top 10.

ICI's lead is meanwhile

likely to be short-lived as it is already being threatened by British Aerospace whose exports rose 35.2 per cent last year to £2.8bn. Around £150m of this increase was due solely to its acquisition of Royal Ordnance, but a much bigger boost will come this year from its takeover of the Rover Group with exports of just over £1bn.

Against the general trend for oil companies, British came out as the fastest growing exporter in percentage terms last year with a 65.5 per cent increase to \$911m. It was followed by Hanson Trust and Allied Lyons

with increases of 64 per cent and 58.5 per cent respectively.

The sharpest decline was recorded by John Brown, whose exports fell by 28.1 per cent, followed by Northern Engineering Industries (NEI) with a drop of 34.3 per cent.

The next largest falls were all recorded by oil companies - 45 FIC International fell 16.3 per cent, 1987 but still topped the £1bn mark.

The weakness of the dollar also slowed down the export advance of Jaguar Cars with an increase in 1987 of only 4.5 per cent to \$710m. Elsewhere in the motor industry Rover

owns the FT. Its export total fell by 21.9 per cent, mostly as a result of the sale of its engineering interests at the end of 1986.

Elsewhere British Steel, whose exports surged 26.7 per cent in 1986, saw a slowdown in the growth of its export turnover. Exports rose only 16.3 per cent in 1987 but still topped the £1bn mark.

The weakness of the dollar also slowed down the export advance of Jaguar Cars with an increase in 1987 of only 4.5 per cent to \$710m. Elsewhere in the motor industry Rover

put on a strong performance with a 35.3 per cent increase in exports to £1,040m, while Ford UK increased its export turnover by 15 per cent to £1,250m.

British Coal, which had ranked 49th with exports of £178m in 1986, slipped out of the table after a 62 per cent fall in its exports last year. Other exporters included Gallaher, Lescage and British Shipbuilders.

Newcomers included APV, Amerisham International, Dawson International, Rowntree, Cyanamid, Roche Products and Delta.

# Panama Canal traffic unaffected by crisis


By Tim Coone, recently in Panama

SHIP TRAFFIC through the Panama Canal has so far been unaffected by the country's deepening political and economic crisis, Mr Fernando Manfredo, the Deputy Administrator of the Panama Canal Commission (PCC), said in an interview that transits through the waterway had continued to rise during the 15-month-old crisis and that the joint US-Panamanian committees deal-

ing with the day-to-day operations of the Canal had continued to meet despite the conflict existing between their respective governments.

Normally the Board meets four times a year, only one of which is usually held outside of Panama. Due to the present crisis however, the last meeting was held in Savannah as a compromise location between Panama and Washington.

**COMPANY NOTICES**



**HARMONY GOLD MINING COMPANY LIMITED**  
(Incorporated in the Republic of South Africa)  
Registration No. 05/36532/06

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**DIVIDEND DECLARATION**

Notice is hereby given that dividend No. 53 of 85 cents per share has been declared in South Africa currency, as an interim dividend in respect of the year ending 30 June, 1986, payable to members registered at the close of business on 30 September, 1986. The register of members will be closed from 1 to 10 October, 1986, inclusive. Dividend warrants will be posted on or about 4 November, 1986.

The rate of exchange at which the dividend will be converted into United Kingdom currency for payment by the United Kingdom registrars, transfer and paying agents will be the telegraphic transfer rate of exchange between Johannesburg and London ruling on the first business day after 1 October, 1986, on which foreign currency dealings are transacted.

Where applicable, South African non-resident shareholders' tax of 15% will be deducted from the dividend.

The full conditions of payment of this dividend may be inspected at or obtained from the Johannesburg or United Kingdom offices of the company.

By order of the Board  
Rand Mines (Mining & Services) Limited  
Secretaries

Johannesburg  
12 September 1986  
per N.K.E. Ficks

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Registered Office  
5th Floor  
The Corner House  
63 Fox Street  
Johannesburg 2001  
(P.O. Box 6337)  
Mashatane 2107

Secretariat in the United Kingdom  
Charter Consolidated Services Limited  
40 Holborn Viaduct  
London EC1P 1JF

United Kingdom Registrars,  
Transfer and Paying Agents,  
Hill Samuel Registrars Limited,  
6 Greencoat Place,  
London SW1P 1PL

### TOP 100 UK EXPORTERS - 1987

Ranking 1987	Company	Exports 1987 (£m)	% of UK total	Exports 1986 (£m)	% of UK total	% change 1987/86	UK employees 1987	UK employees 1986	% change 1987/86
1	ICI	2,520.0	62.0	2,371.0	52.3	5.8	55,800	50,800	-1.8
2	BP	2,047.0	24.4	2,772.0	27.0	-2.7	27,000	26,700	-2.8
3	British Aerospace	2,011.0	68.7	2,071.4	66.0	35.2	85,374	75,480	13.1
4	Shell UK	2,389.0	49.2	1,358.0	41.4	22.0	13,636	14,620	-6.7
5	IBM UK Holdings	251.0	57.3	1,432.0	42.5	28.3	18,325	18,207	-4.1
6	GEC	1,291.0	33.5	1,276.0	33.0	1.2	122,228	126,623	-3.4
7	Ford UK	1,254.0	32.5	1,080.0	25.5	15.0	45,200	47,200	-4.2
8	British Steel	1,162.0	29.8	999.0	30.5	16.3	51,800	52,000	-0.8
9	Rio Tinto	1,148.0	38.1	918.0	53.5	25.1	38,900	38,800	0.3
10	Esso UK	1,025.0	59.0	1,115.0	45.9	-4.8	4,940	5,332	-6.8
11	Power Group	470.0	51.2	789.0	52.2	55.8	61,510	59,575	18.9
12	British	811.0	65.6	487.0	49.8	66.5	1,687	1,930	-8.3
13	Jaguar Cars	710.0	73.6	620.0	74.7	14.5	12,200	10,440	16.9
14	Johnson Matthey	621.1	74.3	527.0	68.9	17.9	3,680	4,350	-17.7
15	Guinness	483.0	27.1	377.4	27.3	28.0	22,718	24,150	-5.9
16	Courtaulds	479.0	30.4	430.0	30.3	11.4	48,000	45,000	2.2
17	BAT Industries	470.0	51.2	789.0	52.2	55.8	61,510	59,575	18.9
18	Unilever	448.0	13.6	412.0	12.1	8.8	44,000	50,000	-12.0
19	Tesco	438.0	16.9	470.9	24.7	-6.8	2,960	2,978	-0.5
20	Variety Holdings	418.1	67.1	373.3	68.7	11.5	9,188	11,228	-18.2
21	Glaxo	395.0	62.9	388.0	62.9	0.5	10,687	11,815	-8.0
22	Kodak	352.0	32.1	356.7	33.9	-7.1	7,281	7,247	-0.2
23	British Siddeley	340.0	38.9	358.0	23.3	-5.0	25,100	25,100	-0.9
24	Lucas	340.0	48.9	314.0	18.4	8.3	42,000	45,800	-7.9
25	Philips	321.0	23.5	337.0	25.1	-4.7	20,700	21,000	-1.4
26	Conoco	306.0	35.2	433.0	38.1	-29.3	1,474	1,478	-0.1
27	Tenneco Europe	298.5	48.9	271.5	44.2	9.9	8,678	8,482	4.1
28	British Airways	282.0	46.4	273.1	42.3	4.2	7,200	7,900	-1.4
29	Ciba-Geigy	283.4	40.8	299.8	39.9	5.3	7,175	7,175	-0.1
30	Mobil Oil	282.0	20.3	384.0	20.0	-26.6	1,946	1,988	-2.1
31	Racal Electronics	284.1	30.0	295.5	33.4	-1.8	19,047	20,194	-5.7
32	BT	258.3	12.8	274.0	13.9	-5.7	42,400	43,300	-2.1
33	Esso Chemicals	253.8	49.9	238.4	50.8	6.5	1,362	1,380	-1.3
34	Victors	252.4	41.1	242.0	52.2	5.7	12,198	12,322	-1.5
35	STC	240.0	15.5	278.0	20.5	-10.8	28,000	29,700	-2.7
36	Becham Group	235.9	34.3	216.7	33.5	8.9	11,300	14,300	-21.0
37	Gulf Oil	234.5	40.9	188.4	34.8	43.5	780	781	-0.1
38	Wellcome	231.5	65.8	196.4	64.2	17.7	6,589	6,543	0.7
39	De La Rue	222.7	79.7	179.2	94.1	26.2	4,957	3,891	26.6
40	Turner & Newall	224.0	35.9	235.0	22.3	-9.3	30,257	25,678	18.9
41	Allied Lyons	221.1	6.6	139.5	5.7	58.5	82,226	81,722	0.8
42	Inco Europe	220.9	68.9	214.9	62.7	2.8	3,772	4,073	-7.4
43	Rothmans International	220.0	65.7	276.0	67.8	-20.3	3,437	4,988	-28.7
44	Caterpillar UK	217.1	52.7	214.2	91.0	1.4	2,099	1,808	18.2
45	BICC	217.0	13.3	257.0	25.2	-16.7	25,709	25,000	-2.3
46	NEI	207.0	35.8	316.0	48.5	-54.3	15,005	19,882	-19.9
47	Thorn EMI	205.0	10.9	236.8	11.7	-14.2	46,823	58,808	-17.6
48	English China Clays	200.0	34.7	182.0	34.5	9.9	10,813	11,281	-4.1
49	APV	185.2	85.4	59.3	35.7	222.2	6,138	5,976	84.4
50	J.C. Bamford	191.7	64.8	167.7	68.1	21.7	1,443	1,365	6.5

1 ICI - Volume of exports from group companies located in UK. % of UK turnover calculated on the basis of total of group co's located in UK (£1,000m). UK % is £2,700m. % in UK by the location of customer is £2,730m. % 12.12.87.

2 BP - % 12.12.87.

3 BRITISH AEROSPACE - % is mostly UK, but includes small overseas contribution consolidated in accounts. British Aerospace completed its purchase of Royal Ordnance in April 1987 and reduced R.O.'s exports (£100m) to its own figures.

4 IBM UK HOLDINGS - 1987 (1986) figures breakdown: £1,088m (£1,070m) exported goods (Glenrock & Heward), £215m (£205m) exported services (Pursey, I&L and other international contracts). % 12.12.87.

5 GEC - % 12.12.87.

6 BRITISH STEEL - Employment figures are at year end. Average weekly figures are £2,800 (£3,800). % 31/12/87.

7 POWER GROUP - 1986 employment figure includes 5000 (2000) increase of 97%. Land Rover £270m (£250m) increase of 30%. Overseas activities in 1985 employment £100m. Power Group is in the process of being taken over by British Aerospace. % 31/12/87.

8 JAGUAR CARS - UK % 1987. % 1986. Total UK £1,000m. % 12.12.87.

9 JOHNSON MATTHEY - Exports to external customers £420m (£300m), exports to overseas subsidiaries £211m (£190m). % 31.12.86. Revised 22nd to 23rd Sept 87.

10 COURTAULDS - % 31.12.87.

11 BAT INDUSTRIES - % 31.12.87.

12 UNILEVER - Company does not publish no. of UK employees. Employment figures relate to Europe as a whole. UK % include sales in different product groups.

13 VARIETY HOLDINGS - formerly Variety Ferguson. Brand names remain same.

14 WELLS COLOURS - Yarnaco's oil exploration and development subsidiary reported 1987 (1986) sales of £28.6m (£24.7m). Company control calculates how much of this is exported and transfers assumes no exports for that division. £100m is in subsidiary exports.

15 STC - Export sales include a substantial proportion of transfers to overseas subsidiaries for resale at added value.

16 DE LA RUE - % 31.12.87.

17 ALLIED LYONS - % 31.12.86. Revised 8th. on £260m exports % 31.12.86.

18 BICC - % 31.12.87.

19 NEI - % 31.12.87.

20 THORN EMI - % 31.12.86.

21 APV - Merged with Baker Perkins (ranked 69 in 1986 table exports £125.4m). Its exports for % 12/12/87. APV's figures include 6 months of Baker Perkins, split not available.

22 PHILIPPI DARTY PRODUCTS - Part of M&K Marketing Group. % 31.12.87.

54 GRAND METROPOLITAN - Employment breakdown Part/Time 23,200, Part/Time 8,800.

55 PG BARBOUR - formed by the merger of PG Electricals and Barbour International in August 1987. In July 1987 PG acquired Stone International. % 31.12.86.

56 FLEISSEY - % 3.12.87.

57 SAGRAM DISTILLERS - % 31.12.86.

58 RIO TINTO ZINC - % 31.12.87.

59 MONSANTO - % 31.12.87.

60 REED INTERNATIONAL - UK % is on country of origin basis. £1,200m (£1,200m), alternatively UK % by geographical market was £1,200m (£1,200m). % 31.12.86.

61 PEARSON - The reduction in exports since 1985 are mainly the result of the sale of Pearson's engineering sector at the end of 1986.

62 SMITHS INDUSTRIES - % 1.12.87.

63 DAWSON INTERNATIONAL - % 1.12.87.

64 HEWLETT PACKARD - % 31.12.87.

65 COATS VIVELLA - % 31.12.87.

66 METAL BOX - % 31.12.87.

67 MARVIS & SPENCER - Employees Full time equivalent. Part/Time 40,300(40,400), Part/Time 20,742(21,183). % 31.12.87.

68 DOWTY - % 31.12.87.

69 PILINGTON BROTHERS - % 31/12/87.

70 COOKSON GROUP - Export breakdown £291.5m by subsidiary companies, £42.77m by related companies. Employment 4,146 in 85. % 31.12.87.

71 GOODYEAR TYRE & RUBBER - Exports breakdown £27.7m to Europe, £18.9m outside Europe.

72 AMERSHAM INTERNATIONAL - % 31.12.86.

73 DAWSON INTERNATIONAL - % 31.12.86.</





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MODEL	ENGINE (CC)	NO OF CYLINDERS	BHP (DIN)	0-62 MPH (SECS)	MAX (MPH)	STANDARD TRANSMISSION	MPG (LITRES/100 KM)		
							URBAN	56 MPH	75 MPH
PETROL 200	1997	4	109	12.6	116	5 speed manual	25.2 (11.2)	46.3 (6.1)	36.7 (7.7)
230E	2299	4	136	10.4	126	5 speed manual	25.4 (11.1)	45.6 (6.2)	36.7 (7.7)
260E	2599	6	166	9.5	133	4 speed automatic	22.8 (12.4)	34.4 (8.2)	28.5 (9.9)
300E	2962	6	188	8.2	139	4 speed automatic	22.1 (12.8)	34.0 (8.3)	28.2 (10.0)
300E 4-MATIC	2962	6	188	8.8	138	4 speed automatic	20.9 (13.5)	31.7 (8.9)	26.4 (10.7)
DIESEL 250D	2497	5	90	16.5	109	5 speed manual	31.7 (8.9)	52.3 (5.4)	40.4 (7.0)
300D	2996	6	109	13.7	118	5 speed manual	28.8 (9.8)	52.3 (5.4)	40.4 (7.0)

SOURCE: MANUFACTURER'S FIGURES/OFFICIAL GOVERNMENT FUEL CONSUMPTION FIGURES

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## UK NEWS

## Ulster security to tighten after bombing

By Our Belfast Correspondent and Ivor Owen in London

SECURITY is likely to be tightened around senior government officials in Northern Ireland after a failed murder attempt yesterday on Sir Kenneth Bloomfield, the province's top civil servant.

Mr Tom King, Northern Ireland Secretary, had an unscheduled meeting with Sir John Hermon, chief constable of the Royal Ulster Constabulary, but declined to comment on specific security matters.

Sir Kenneth, 57, who heads a high-powered unit of officials investigating ways to forge better relationships between the Protestant and Roman Catholic communities in Ulster, escaped serious injury when a series of bombs exploded at his home in the village of Crawfordsburn, some eight miles from Belfast.

The Irish Republican Army claimed that he was "the key administrator of British colonial policy in Northern Ireland... Other senior civil servants, part of whose work involves them in formulating British military strategy or advising the administration in this field, should resign their posts or face the consequences."

Mr King said that it was "absolutely disgraceful" that an attack should be mounted on a man committed to working for all sections of the community in Northern Ireland. The attack had demonstrated that the IRA was "hell-bent" on undermining every civilised

aspect of life in Northern Ireland, he said.

MPs for the Ulster Unionist, the predominantly Protestant party opposed to republicanism, yesterday stepped up their demands for the introduction of selective internment of terrorist suspects in both Northern Ireland and the Irish Republic.

Mr John Taylor, the official Unionist MP for Strangford, said that the simultaneous introduction of such internment on both sides of the Irish border would overcome political objections and be acceptable to international opinion.

## SAS chief denies 'death warrant' claim

THE senior SAS officer who commanded the unit which killed three IRA members in Gibraltar in March denied at the inquest into the shootings yesterday that their "death warrants" had been signed when the operation was handed over to him by the local police, writes Richard Evans.

The denial came during heated exchanges between Soldier F (the soldiers are identified only by letters of the alphabet), sent to Gibraltar to plan the SAS operation against the IRA bombing team, and the lawyer representing the families of Mairead Farrell, Danny McCann and Sean Savage, all of whom died in a fusillade of

bullets. Soldier F, giving evidence in a screened witness box on the fifth day of the inquest, said that the terrorists were kept under surveillance.

During that time, Mr Joseph Canepa, the Gibraltar police chief, signed a form handing over control of the anti-terrorist operation to the military.

That, said Mr Patrick McGrory, the families' lawyer, amounted to a death warrant.

The officer replied: "It was not a death warrant, Mr McGrory."

"It was in this case," said the lawyer.

Earlier Mr McGrory, in tense exchanges, suggested that four vital indicators required by the

Dublin which permits the latter Government to have an official say in the affairs of Northern Ireland.

The murder attempt is likely to be raised at today's meeting of the Anglo-Irish Conference in Dublin. Sir Kenneth often attends meetings of the conference in his capacity as head of the Northern Ireland Civil Service.

He was chosen 12 months ago by Mr King to head a team investigating ways of helping the most deprived areas of Northern Ireland and played a leading role in drawing up the £10m package of aid

announced three months ago for west Belfast.

Unionist politicians were infuriated at the apparent ease with which the IRA was able to place four bombs, each containing 20 lb of the lethal Czech-made Semtex explosive, around Sir Kenneth's home.

His home is protected by bullet-proof windows and closed-circuit cameras, but no security personnel were on duty.

The Northern Ireland Office said Sir Kenneth was shocked, but not seriously injured. His wife and son also escaped serious injury.

The attack comes against a background of a warning from the Royal Ulster Constabulary that the IRA intends to step up its campaign of killing and bombing to create a "horrific remainder" in 1988.

In a statement leaked through Stormont Castle in Belfast, Sir Kenneth said he had worked for 36 years in the Civil Service trying to be of service to all sections of the community.

He said: "This is the tradition and task of public service in this country and neither they nor I will be deterred from the duty we owe to our fellow citizens and to democratic government."

Mrs Margaret Thatcher, the British Prime Minister, expressed deep concern about the attack and said that it was another example of the total ruthlessness of the IRA.

## UK telecom group in Danish venture

By Terry Dodsworth, Industrial Editor

AIR CALL Communications, the UK paging company in which Bell South of the US has a 40 per cent stake, is expanding in Europe in a joint venture deal with ISS of Denmark.

The agreement will be aimed at developing joint telephone-based information services for the Danish market, but there are also plans to launch a paging operation later in Denmark and elsewhere in Scandinavia.

Air Call already has paging frequencies available in Sweden.

Mr Warren Taylor, Air Call chairman, said yesterday the ISS deal fits into the company's plans to develop a network of activities in Europe to prepare for the planned integration of the market in 1992.

The group is already a member of the four-nation consortium - West Germany, France, Italy and the UK - which is setting up a European paging system, and Mr Taylor believes that a pan-European network is likely to be introduced in the early 1990s.

ISS is one of the largest private employers in Denmark, running a variety of service businesses. Air Call is estimated to be the UK's second largest paging company.

## Union hails accord to move Britain's mountain of mail

Mr Alan Tuffin, general secretary of the Union of Communication Workers, described it as a successful agreement, if not a victory for the union, as an accord was reached to end the 12-day postal strike which stopped virtually all mail deliveries in Britain.

This was the outcome of a strike which the union had never wanted: "Who would have thought Tumblebee Wells, Turre and Ilfracombe would have come out over this issue? This strike has been the Post Office's creation," Mr Tuffin said.

Mr Bill Cockburn, the Royal Mail's managing director, also claimed victory. The crucial pay supplements for recruits in the south-east of England, which have been at the core of the dispute, will continue to be paid until a replacement system is negotiated. The Post Office had conceded nothing.

Office had conceded nothing. The strike, which involved two-thirds of the Post Office's 140,000 staff and created a backlog of between 150m and 200m letters?

The controversial pay supplements of £7.50 a week, to ease recruitment at offices in the south-east which have high staff turnover, will continue to be paid. The UCU and the Post Office will immediately begin talks to devise a replacement scheme. There is no timetable for the decision, but both sides talked about reaching an agreement within about six weeks.

Mr Tuffin said the important thing was that the Post Office had agreed the talks should start with a blank sheet. There were to be no preconditions and the Post Office had dropped its insistence upon the introduction of a flexible national rate of pay.

He said the replacement scheme was almost certain to differ from the Post Office's special payments and could involve an extension or increase in payments made to employees in London which account for the higher cost of living in the capital. Talks on London payments are to begin within the next few weeks.

The Post Office stressed the significance of the union's agreement that the special payments should continue to be paid, a longer-term commitment to a replacement scheme. Mr Cockburn said it was likely any alternative scheme would have to use some form of supplementary payment for recruits, akin to the system already in place.

Mr Cockburn said the union had dropped its insistence that the special payments should be withdrawn before talks could get under way. Mr Tuffin said this had never been a union precondition.

The UCU said the agreement covering the return to work of striking postal staff also met important union demands. Casual staff recruited since the strike started 12 days ago will be released.

Local managers will be able to introduce a range of measures to clear the backlog of mail, but only with the agreement of local union branches. These measures include extra overtime, the employ-

ment of additional part-time staff and casual labour, and the diversion of mail from over-burdened offices to offices without such a heavy workload.

There should be no prejudice against staff who took part in the dispute and those suspended during the strike will not face disciplinary action.

Mr Tuffin said these aspects of the agreement were an important gain for the union. The strike escalated last week because management had taken unilateral steps to clear the backlog. The deal says management will only be able to take these steps with the agreement of local branches. In effect, the union has a veto, should it need it.

For its part, the Post Office said the union had committed itself to allow mail to be transferred from one office to another. Mr Cockburn said opposition to the diversion of mail had been the main force behind the escalation of the dispute.

The UCU's executive council only accepted the agreement after lengthy talks on Friday and a 4½ hour meeting yesterday. The council had voted unanimously to accept the agreement, Mr Tuffin said.

He dismissed suggestions that more militant branches in Liverpool, London, Manchester and Cardiff may refuse to return to work on the basis of the agreement.

At Liverpool, which has seen the most violent clashes during the dispute, the branch was most concerned that there should be no victimisation of staff on strike, no disciplinary action against suspended staff and no unilateral introduction of casual workers by management, Mr Tuffin said.

It was likely all branches would return to work as the agreement met most of these concerns, he said.

Branches were due to meet this morning with a recommendation from the union's leadership to begin immediate talks with local management aimed at agreeing a return to work. Mr Tuffin said it was likely most, if not all, staff would be back at work by Thursday. It is expected post boxes may be reopened three days later.

The first mail deliveries are expected the day after the return to work. It is likely that initial deliveries will be confined to one a day, with the priority given to first class letters, international mail and mail sent through Datapost.

It is thought the mountain of mail in major sorting offices will take two weeks to clear.

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## Accountants seek change of law on partnerships

By Richard Waters

BRITISH LAW should be relaxed to allow accountants to bring other professionals into their partnerships, the three UK chartered accountancy institutes say in a submission to the Department of Trade and Industry published yesterday.

Such a move would present an alternative to turning accountancy firms into companies, a route which is expected to be offered in a Companies Bill this year.

Many firms are considering such moves to give non-accountants the same say in their organisations as accountants.

Mr Brandon Gough, chairman of Coopers & Lybrand, the accountancy firm with the largest management consultancy operation in the UK, said: "We would much prefer to run our affairs as an integrated partnership."

Accountancy firms' consultants presently operate through separate organisations which are linked to the main accountancy partnerships.

Mr Gough said that it was too early to tell, though, whether or not his firm would be forced to become a company if the partnership rules were not relaxed.

The chartered accountancy institutes also say in their submission that the law should be changed to allow genuine mixed partnerships, in which no single group of professionals is in the majority.

However, that is secondary to the accountants' aim of ending mixed partnerships in which accountants dominate.

The submission has been prompted by the expected companies bill, which is likely to allow auditors to form limited liability companies, provided that accountants maintain control and that they own a majority of the shares in the new companies.

Partnership law should be changed to mirror that, the accountants say. Otherwise, they argue, some firms may be forced to incorporate their businesses when they would prefer to remain as partnerships.

Accountants claim that converting to a company would offer tax disadvantages, that it would require firms to disclose full financial information, and that it may destroy the ethos of the partnership which is still jealously guarded by some firms.

On the other hand, advocates of incorporation claim that this route would enable firms to recognise quasi-corporate management structures which have already been developed.

They also argue that this would enable a separation of ownership and management, which would make firms easier to run.

Taking the route of incorporation would also make it possible for firms to sell some of their shares to outsiders.







**POSTAL DISRUPTION**

**SUN LIFE ASSURANCE SOCIETY P.L.C.**

**Notice to Shareholders**

A circular to shareholders, dated 13th September 1988, containing details of the proposed rights issue by Sun Life Assurance Society P.L.C. ("Sun Life") and the proposed alliance between Sun Life and Société Centrale Union des Assurances de Paris and its subsidiaries, is, in the light of postal disruption, being despatched to shareholders by private courier service. Shareholders who do not receive a copy of the circular (within 2 days of the date of this Notice) are advised to contact Sun Life as provided below:—

Sun Life Assurance Society P.L.C.,  
Chief Office,  
107 Cheapside,  
London EC2V 6DU.  
Telephone: 01-606 7788  
Contact: D.J. Morgan, Deputy Secretary

The Notice convening the Extraordinary General Meeting to be held on 29th September 1988 appears below.



**Sun Life Assurance Society P.L.C.**

**Notice of Extraordinary General Meeting**

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Sun Life Assurance Society P.L.C. will be held at the Registered Office of the Society, 107 Cheapside, London EC2V 6DU on 29th September 1988 at 12 noon to consider and, if thought fit, pass the following Resolution, which will be proposed as an ORDINARY RESOLUTION.

THAT:—

- (A) the investment in UAP International be and it is hereby approved on the terms contained in the document dated 13th September 1988 submitted to shareholders or on such other subsequent or revised terms as the directors may decide; and
- (B) the authorised share capital of the Society be increased from £3,000,000 to £4,500,000 by the creation of an additional 30,000,000 ordinary shares of 5p each; and
- (C) subject to and in accordance with Regulation 6 of the Laws and Regulations of the Society, the directors be and they are hereby authorised to allot relevant securities to an aggregate nominal amount of £1,541,873.35.

By Order of the Board,

J. D. Webster  
Secretary

Registered Office:  
107 Cheapside,  
London EC2V 6DU

Dated 13th September 1988

Notes:—

- 1. Any member entitled to attend and vote at the meeting may appoint a Proxy to attend and, on a poll, vote thereat instead of him. A Proxy need not also be a member of the Society.
- 2. Forms of proxy, to be effective, must be completed and delivered to The Secretary, Sun Life Assurance Society P.L.C., 107 Cheapside, London EC2V 6DU at least 48 hours before the time appointed for the Meeting or any adjournment thereof.

This notice, which has been prepared by and is the sole responsibility of the directors of Sun Life, has been approved by Kleinwort Benson Limited and by Lazard Brothers & Co., Limited (each members of The Securities Association) for the purposes of Section 57 of the Financial Services Act 1986.

**UK NEWS**

**OFFICIAL FIGURES SAY SPENDING SURGE CONTINUES**

**Consumer boom defies rise in rates**

By Philip Stephens, Economics Correspondent

BRITAIN'S consumers have so far shrugged off successive rises in borrowing costs, with official estimates released yesterday indicating that retail sales are still growing strongly. The figures, together with separate statistics showing an acceleration in the prices charged by industry at the factory gate, reinforced concerns in financial markets that spending in the economy is still growing at an unsustainable pace.

Immediate reaction was muted, however, as markets looked to a further string of economic indicators during the next two weeks to provide further clues as to whether the Government will be forced into another rise in interest rates. The Department of Trade and Industry (DTI) said its provisional figures showed the volume of retail sales rose by 0.5 per cent in August. This was a much smaller jump than the 2.4 per cent seen in July and the Department cautioned that the latest figures were tentative because of the impact of the postal strike on its returns. The trend over the last three months suggests there has been no let-up in the pace of spending. The volume of sales between June and August was 2 per cent higher than in the previous three months and about 0.5 per cent above the levels seen in the same 1987 period.

That buoyancy reflects continued strong growth in real, or inflation-adjusted, earnings, the impact of the tax cuts in the March Budget and, possibly, the delayed impact of sharp falls in interest rates during the early summer.

The Treasury believes the higher mortgage rates which took effect in August and the further rise planned for early next month will slow the spending surge over coming months. In particular, the Government hopes higher borrowing costs will cool the recent feverish pace of house price rises and so discourage further increases in consumer borrowing and spending.

It is accepted in London's financial sector that the past few months could mark the peak of demand in the economy. But there are still concerns that the Government may have to further raise borrowing costs to maintain confidence in the markets and head off an acceleration in inflation.

The trade statistics for August, due on September 27, are being seen as a key test of confidence in the markets. Yesterday's figures for the producer price index show prices charged by industry at the factory gate rose by 0.4 per cent in August, pushing the annual rate of increase up to 4.9 per cent from 4.7 per cent in July.

The latest figure is the highest for three years, although part of the increase reflected seasonal price changes in the food, drink and tobacco industries. Official statistics due on Friday are expected to show a sharp jump in the rate of retail price inflation to around 5.5 per cent in August from the 4.5 per cent seen in July, largely due to higher mortgage rates.

On a more encouraging note, the DTI said yesterday that prices paid by manufacturers for their fuel and raw materials fell slightly in August. The annual rate of increase dipped to 3.9 per cent from 4.3 per cent in July.

The official index of retail sales stood at a provisional 140.8 in August (1985=100) against 140.1 in July. The index of output prices was at 113.9 (1985=100) compared to 113.5 (1985=100) and the index of input prices at 99.2 (1985=100) compared to 99.4.

**Barclays leads home loan rises**

Barclays Bank pushed the its interest rate on home loans to 13 per cent yesterday, its highest level in three years, writes David Lascelles. The clearing bank is the first big mortgage lender to respond to the most recent jump in base interest rates engineered by Mr Nigel Lawson, the Chancellor of the Exchequer, to cool the demand for credit. Other lenders were considering their position last night, but a widespread move to the higher level is now expected, although changes may not be immediate.

Barclays, which has led most mortgage rate changes this year, raised its rate from the 11.5 per cent which it had reached at the beginning of August.

The bank's move follows a succession of rises in base lending rates, which the Government intends will help

checked off the boom in house prices. UK mortgage rates have risen this year from a low of just below 10 per cent, their lowest level this decade. The mortgage rate last exceeded 13 per cent in 1985 when it peaked briefly at 14 per cent.

Mr Seymour Fortescue, director of retail services at Barclays, said: "We regret the effect this rate increase will have on household budgets but the recent increase in rates generally has given us little alternative."

Most lenders had expected to hold out until the end of this month before announcing another rise in rates. But some said yesterday that they were reviewing their position.

Bank said a decision had been taken in principle to increase its rate, but the time and size were still being discussed.

eminent hopes higher borrowing costs will cool the recent feverish pace of house price rises and so discourage further increases in consumer borrowing and spending.

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**Scottish industry 'unprepared for 1992'**

By James Buxton, Scottish Correspondent

THEIR opposition Labour Party yesterday accused the Government of doing too little to prepare Scottish companies for the advent of the single European market in 1992.

The accusation followed the leak of a document from the Government's Scottish Office which warned that sectors of Scottish industry may be hurt by increased competition.

The document, a study on the impact of the single market, says that "job losses will be inevitable in the short-term as industries are rationalised and restructured in the face of stiff international competition."

Marginally efficient Scottish companies, it says, could face "considerable threats to their markets."

The study says that Scotland's high-technology industries will be affected by a rise in both competition and standards, and that food and health industries "may be particularly affected by harmonisation of technical standards."

The document says that the likelihood of companies keeping their headquarters in Scotland may be adversely affected by the takeover activity likely to accompany the introduction of the single market. This may cause as UK companies make acquisitions elsewhere in the

EC and companies from other EC countries buy into the UK.

The study also says, however, that the single market will provide greater opportunities by increasing markets for goods and services provided by Scottish companies. The greatest opportunities will fall to the most competitive groups in their market niches and to those alert to the changes.

It says that the Scotch whisky industry, which sends 45 per cent of its exports to EC countries, should benefit from the harmonisation of excise duties and that the financial sector, one of Scotland's strongest areas, is likely to benefit.

Mr Gordon Brown, the Scottish MP who is Labour's spokesman on the Treasury, made the document available to the media and said that it pointed up the inadequacy of the Government's efforts to make businesses aware of the effects of 1992 and the need for a stronger regional policy.

Last night Mr Ian Lang, the Scottish Office Industry Minister, denied Labour's claims. The Government was devoting substantial resources to promoting 1992. Companies in assisted areas remained eligible for regional selective assistance.

Application will be made to the Council of The Stock Exchange for up to 696,841 new free A-shares of FIM 20 each in Amer Group Ltd to be admitted to the Official list.



**AMER GROUP LTD**

Share Issue 26th September to 28th October 1988

**Notice to holders of free A-shares**

**Terms of Issue**

At the Annual General Meeting of the Company held on 22nd June 1988, the shareholders resolved to authorise the Directors, for a period of one year from that date, to increase the Company's share capital by a maximum of FIM 80 million.

Pursuant to this authority, the Directors at a Board Meeting held on 12th September 1988 have resolved to increase the share capital of the Company by issuing new shares, each with a nominal value of FIM 20, on the following basis:

- i) by a rights issue to holders of K-shares, A-shares and holders of warrants attached to the 5 1/2% Bonds due 1994 issued in May 1987, on a one for five basis, increasing the share capital by up to FIM 51,846,560 by the issue of up to 2,592,328 new A-shares at FIM 90 per share. However, if less than 2,200,000 new A-shares are subscribed, the rights issue shall lapse; and
- ii) by an issue to employees increasing the share capital by 18th December 1988 FIM 3,000,000 by the issue of 150,000 new A-shares at FIM 100 per share.

**Fractions of New Shares**

Coupons representing fractions of new shares should either be sold or increased to a multiple of five coupons by the purchase of additional coupons during the subscription period otherwise coupons representing fractions of new shares will be disregarded by the Company and entitlements to new shares will be rounded down to the nearest new share.

**Rights Issue**

(a) SUBSCRIPTION  
The entitlement to participate in the rights issue is evidenced by Coupon No 10 affixed to each free A-share certificate. Each shareholder should arrange for Coupon 10 to be presented at any branch of Kansallis-Osake-Pankki in Finland between 26th September and 28th October 1988. Upon presentation, Coupon No 10 will be surrendered in return for the issue of a rights issue interim certificate. Dealings in Coupon No 10 will commence on the Helsinki Stock Exchange on 26th September 1988 and will close on 21st October 1988.

Dealings in the rights issue interim certificate fully paid will commence on the Helsinki Stock Exchange on 16th December 1988 and will close immediately prior to the next Annual General Meeting of the Company which is expected to take place in June 1989. No dealings in the rights issue interim certificate will take place.

**(b) PAYMENT**

Payment should be made in FIM by one instalment not later than 15th December 1988 at any branch of Kansallis-Osake-Pankki in Finland. Interest will be paid at a rate of 13% per annum on payments received on or before 30th November 1988 for the period from payment to 15th December 1988. If payment is not made by 15th December 1988 the Directors will have recourse to certain remedies including charging interest at the rate of 16% per annum for the period from 15th December 1988 to the date on which payment is received by the Company.

The contents of this advertisement have been approved for the purposes of section 57 (1) of the Financial Services Act 1986 by Coopers & Lybrand who are authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

**(c) DOCUMENTS**

Upon presentation, interim certificates will be received by Kansallis-Osake-Pankki and returned to the coupon holder.

**Issue to Employees**

Simultaneously with the rights issue the Company is offering up to 3,000,000 new A-shares to its employees, pensioners and Directors. Employees who are U.S. persons or Canadian persons or who are located in the United States or Canada are not eligible to subscribe for shares to be issued by way of the issue to employees.

**Dealings on the Stock Exchange**

Dealings on the Stock Exchange are expected to be as follows:  
i) Coupon No 10 (nil paid) - commence 26th September 1988 and close on 21st October 1988;  
ii) rights issue interim certificate (fully paid) - commence 16th December 1988 and close immediately prior to the next Annual General Meeting of the Company (see above).

**Subscription Restrictions**

The Company's new free A-shares have not been, and will not be, registered under the United States Securities Act of 1933. The new free A-shares may not be offered or sold, directly or indirectly, in the United States or to U.S. persons.

The new free A-shares may not be offered or sold, directly or indirectly, in Canada or to Canadian persons.

Under Finnish law and the Company's Articles of Association, the Company's restricted A-shares may be held only by Finnish persons.

Reference should be made to the Extel Card and brochure referred to below for additional information concerning subscription and related restrictions.

**Definitive Documents of Title**

It is expected that the new free A-shares issued pursuant to the rights issue will be registered with the Finnish Patent and Registration Office before the end of February 1989 and that new definitive share certificates will be issued in respect of the issue to employees and in exchange for the rights issue interim certificates at a time to be announced by the Directors, which is expected to be at the end of March 1989.

**Extel Card**

Particulars relating to the Company will be available in the Extel statistical services. A copy of the Extel Card, which comprises listing particulars required by the Financial Services Act 1986, will be delivered for registration on 22nd September to the Registrar of Companies, and together with brochure "Share Issue 26th September to 28th October 1988" prepared by the Company will be available free to shareholders from Coopers & Lybrand, Plumtree Court, London ECA 4HT from 26th September 1988. Any shareholder who is in doubt as to the action to be taken should contact his professional adviser or the Company at Malesankatu 51, PO Box 130, SF 00601, Helsinki, Finland for the attention of Seppo Salminen, Group Executive Vice-President, Chief Financial Officer. Telephone: 010-358-0-75771. 12th September 1988, Helsinki, Finland.

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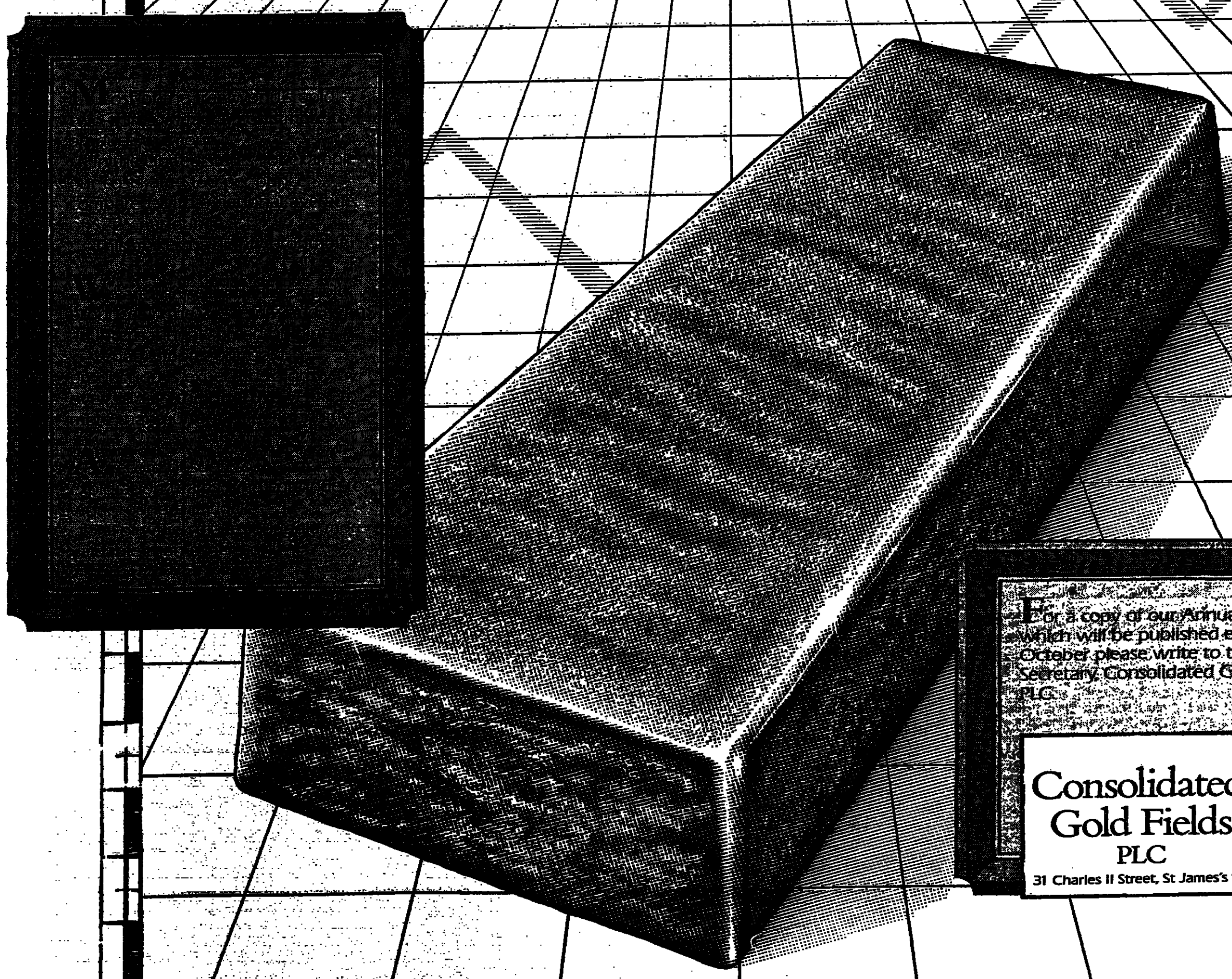
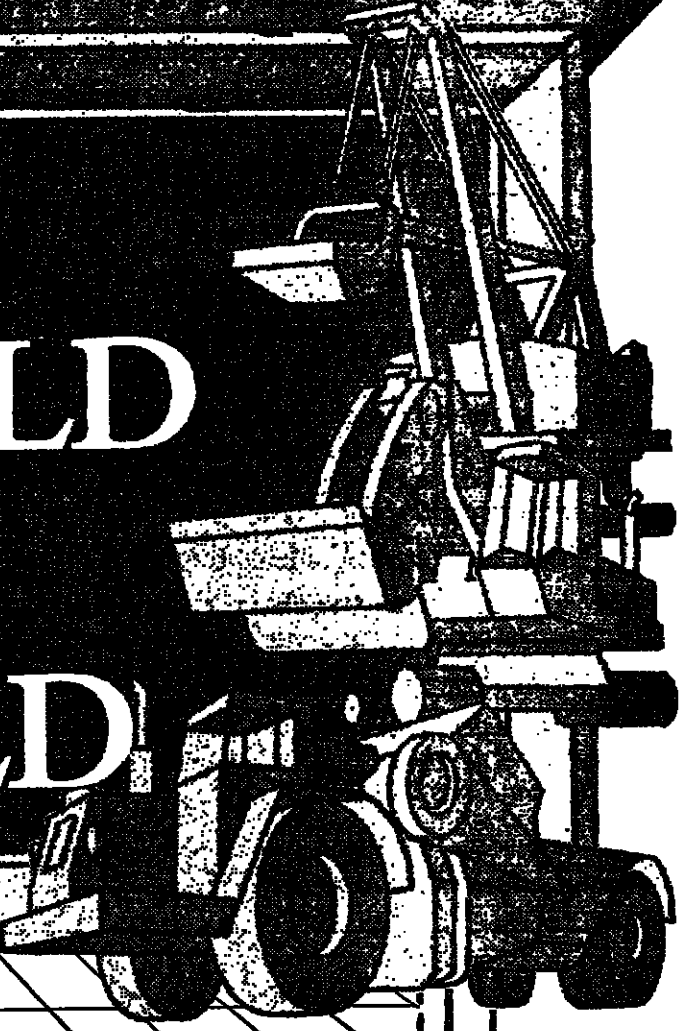
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For a copy of our Annual Report which will be published early in October please write to the Secretary, Consolidated Gold Fields PLC.

Consolidated  
Gold Fields  
PLC



31 Charles II Street, St James's Square, London SW1Y 4AG.

The contents of this advertisement for which the Directors of Consolidated Gold Fields PLC are solely responsible, have been approved for the purpose of Section 57 of The Financial Services Act 1986 by Ernst & Whinney, a firm authorised by the Institute of Chartered Accountants in England & Wales to carry on investment business. The rules of the Securities and Investment Board require a statement that past performance is not necessarily a guide to the future.



# SUTER

## HALF-YEAR HIGHLIGHTS

- Overall Group pre-tax profit up by 66%
- Longer-standing businesses showed continuing improvements in profitability:
  - within Distribution Group (principally Refrigeration Wholesaling and Haircare) their pre-tax profit increased by 45%.
  - within Industrial Group (principally Environmental Division, Automotive Components and Industrial Valves) their pre-tax profit increased by 23%.
- 32% growth in earnings per share follows pattern now sustained for more than five years in comfortably exceeding 25% growth objective.
- Total dividend of at least 6p forecast for 1988 (1987 - 5p).
- Financial strength substantially enhanced through 65% increase in shareholders' funds and 40% reduction in borrowings within half-year puts Suter in a strong position to take advantage of opportunities.

The full results will be included in a circular to be posted to shareholders on 27 September 1988. Copies will then be available from the Company Secretary at the registered office, St Vincent's, Grantham, Lincs NG31 9EJ.

The contents of this advertisement have been approved for the purposes of Section 57 (1) of the Financial Services Act 1986 by Coopers & Lybrand who are authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business. Past performance is not necessarily an indication of future performance.

Unaudited Results for Half Year to	2 July 1988	27 June 1987	Increase
	£M	£M	
Turnover	119.1	73.8	+61%
Profit before tax	19.9	12.0	+66%
Earnings per share (fully diluted)	11.1	8.4p	+32%
Interim dividend per Ordinary share	2.0	1.5p	+33%

## Beecham suspends trials of heart drug

By Peter Marsh

BEECHAM, the UK pharmaceutical company, said yesterday it has suspended for two months long-term clinical trials involving a highly regarded heart drug which the group is developing for the early 1990s.

The drug, Cromakalim, has been found to cause heart lesions in some of the monkeys on which the product was being tested to simulate the long-term effects Cromakalim may have on humans. The monkeys had received 100 times the dose recommended for humans.

Beecham said it was too early to say if the intended 1992-1993 launch for the product would be delayed.

All 750 patients in Britain taking the drug in clinical trials lasting several years will be taken off the treatment until scientists at Beecham have worked out what caused the lesions.

Cromakalim has excited interest in the pharmaceutical industry for its novel action in combating heart problems such as hypertension.

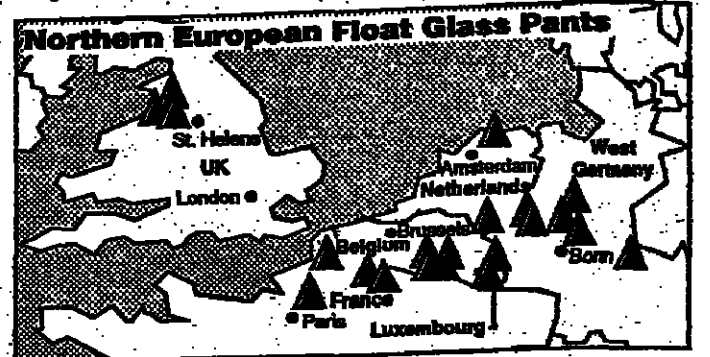
Heart drugs of this type, which have annual sales of about £2bn, add up to a huge and fast growing section of the world pharmaceutical market.

One of a new class of drugs called potassium channel activators, Cromakalim increases the flow of potassium ions through muscle membranes in the cardiovascular system, reducing blood pressure.

Mr James Culverwell, a drugs industry analyst at Hoare Govett, a London stockbroker, said yesterday that Cromakalim was one of the most promising drugs in Beecham's research pipeline.

## Pilkington fights to keep window open on the UK

Ian Hamilton-Fazey reports on the geographical dilemma of a northern-based company as the single EC market draws near



Pilkington, world's largest glassmaker, faces an agonising choice between the north and south of England next month over the investment of tens of millions of pounds in a new floatglass plant. The choice could prove crucial with the approach of the single European market in 1992 and the Channel tunnel.

The company has 50 per cent of the UK market, the expanding bulk of which is located in the south-east of England in the 50 miles around London.

The dilemma is that, as the crowd flies, at least seven competitors' plants in northern France or Belgium are nearer London than is St Helens, the Merseyside town, outside of Liverpool, where Pilkington's float glassmaking is based.

The company fears its competitors will score a telling sales point by claiming to be nearer their London customers, thus making inroads into Pilkington's market share, after trade barriers come down in 1992 and the Channel tunnel is completed a year later.

It could cost between £20m and £30m extra, however, to build the plant in the south-east. The cost of expansion in St Helens is estimated at between £40m and £50m because it would fit beside the existing plant.

The St Helens plant cost £20m when built in 1975 because it incorporated an over-sized batch factory for assembling materials. This plant was designed to feed two glassmaking tanks should the company want to put in a second one.

Starting from scratch in the south would mean building a new batch plant as well as a glassmaking tank.

St Helens borough council, the town's two labour Members of Parliament, and Pilkington's trades unions yesterday pleaded with the Pilkington company to build the plant in the town.

They said the proximity argument could be countered with a warehouse for bulk stocks of finished glass in the south-east and an associated glasscutting plant.

"We would even help them build it," Mr Keith Flanagan, area secretary of the GMB/ATU, the general, municipal and hollermakers union, said. The south-east is only three or four hours' drive away from St Helens and will be even nearer when the town gets a £20m spur to the M63 motorway in 1992.

The council and unions argue that building the new float glass plant in St Helens represents the best cost option for Pilkington.

Mrs Marie Rimmer, leader of the council and a key figure in mobilising community support for the glassmaker against the hostile takeover bid by BTR, British industrial group, in the winter of 1986-87, said:

"This is not an emotional plea but a logical one. I always thought good business was about making things at the highest quality but lowest possible cost."

She said building the plant in the south would involve construction on a greenfield site, the delay of planning inquiries, finding and training suitable personnel in a region which was already struggling with skill shortages, and having to pay out tens of millions of pounds more to do so.

Mr Mike Doyle, chairman of the council economic development committee, and another stalwart in the anti-BTR battle, said not investing in St Helens would also be bad for investment in the town, since it would look as if Pilkington was lacking in confidence.

The company and the council had formed a partnership with other private businesses to foster economic development.

"This appeared to be working: unemployment is down to 12.6 per cent - about five points better than the average for Merseyside, Liverpool - but there are fears about the effects of the new plant going south."

The unions believe local investment would help stabilise the labour market even more quickly.

About 18,000 jobs have been lost in the town's glass industry in the last 15 years and Pilkington's payroll has fallen from more than 18,000 in 1975 to only 7,000. More job losses are likely as new production technology increases the scope for yet more productivity gains.

A new float glass plant, the unions believe, would slow down the rate at which the jobs are likely to go.

The company has been holding confidential talks with the council and unions for several months.

The issue has been made public in the last few weeks before the decision has been made, partly so the council and unions can prove to their supporters that they have been doing their jobs.

Pilkington's senior management is understood to be divided on the issue, but the balance may be shifting back towards St Helens according to one source close to the chairman.

Mr David Wood, head of information services, said yesterday: "Ultimately, it is the company's position in its UK market that will count. Cost is less important, though it will be a major factor."

The decision will go the chairman's senior team next month and then on the October meeting of the full board.

## Tax-free bonds urged for urban investment

By Andrew Taylor, Construction Correspondent

BRITISH companies should be allowed to issue US-style tax free bonds to encourage greater private investment in run down urban areas, according to a report published yesterday by UK construction industry leaders.

The joint taxation committee of the construction industry, which represents most of the industry's leading trade associations, said that tax incentives would encourage investment by private companies.

The committee has proposed a series of tax concessions which include an extension of the Business Expansion Scheme to provide tax relief for individuals investing in companies carrying out developments in depressed areas.

Tax free bonds issued by US corporations, said the committee, had been particularly successful in promoting inner city regeneration in parts of New York, San Francisco and Baltimore.

It added that capital allowances were permitted for development in other European countries, the US, Australia and New Zealand.

The committee said that it would also like companies investing in approved projects to be eligible for capital allowances at a special 5 per cent straight line rate and to be able to claim relief against corpora-

tion tax. The report comes after the Government last year asked construction industry leaders to identify measures which would encourage private companies to invest more heavily in depressed areas.

The committee estimated that its proposals would attract almost £3 of investment for every £1 of tax relief. This compared with the Business Expansion Scheme, which for most of its life had produced less than £2 gross investment for every £1 of tax relief.

It said that tax incentives would be triggered by specific private sector initiatives and that they might be even more attractive to the government than regional grants, which were often slow to process because they had to be strictly controlled.

The committee said that various clawbacks could be introduced to prevent its tax relief proposals being abused by companies and investors.

Individual Business Enterprise Scheme investors, for example, might lose their relief if a sale of the investment took place within five years.

Companies might be expected to repay corporation tax relief after 10 years, with capital allowances could be clawed back if a project was sold within 20 years of completion.

## Coilcraft to build plant in Scotland

By James Sutton, Scottish Correspondent

COILCRAFT, a US electronics company, announced yesterday that it is to set up a plant in Scotland to make components for the European electronics market.

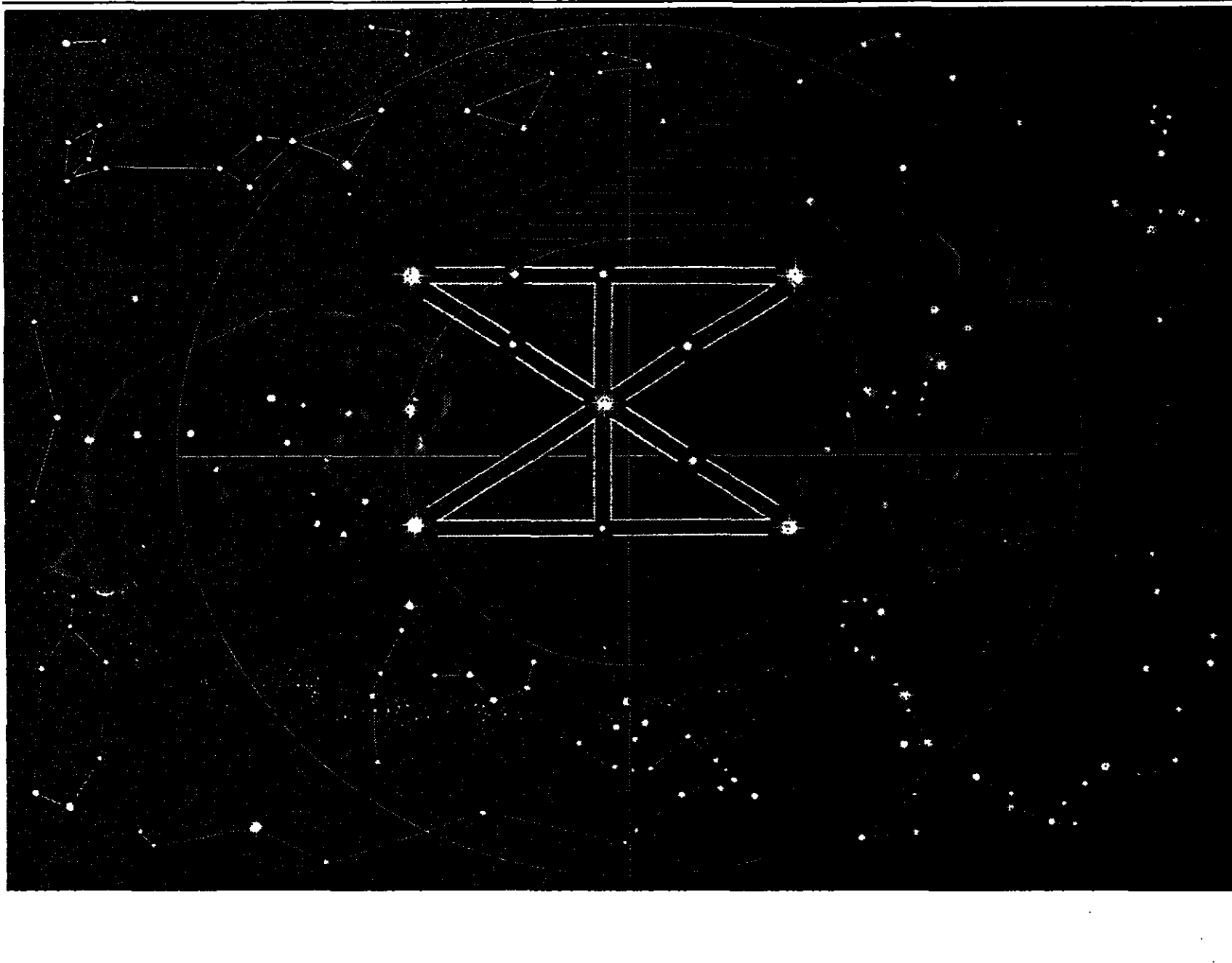
The privately owned group is to make surface mounted chip inductors at a plant in Cumbernauld, near Glasgow.

The announcement is the third significant piece of good news for Cumbernauld in three weeks. It follows news of OIK Electric's plans to step up production and take on 100 people by the end of the year and last week's announcement that Tennax, the Japanese plastic injection moulding company, will create 200 jobs in the area.

The company intends to start production with only half a dozen people in January next year, but hopes to build up to employing 120 people within five years.

Illinois-based Coilcraft makes a range of inductors and transformers for the electronic equipment market, including computer manufacturers, radio and telecommunications, and the automotive market.

The group has plants in the US, Mexico, the Caribbean, Singapore and Taiwan and employs 1,700 people worldwide.



## WHETHER THE MARKETS ARE URSA OR TAURUS THE SIGNS ALL POINT TO VALUE ADDED BANKING

Will interest rates rise or fall? Where does the dollar go from here? What's the best currency in which to finance the acquisition. Should one take fixed or floating loans?

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(Registered in England No. 445790)

#### Important notice to the holders of the 9 per cent Convertible Unsecured Loan Stock 2002/2007

(the "Loan Stock")

Holders of the Loan Stock are informed that the Company has become entitled compulsorily to convert holdings of the Loan Stock into fully paid Ordinary shares of 1p each of the Company at the rate of 248,5021 Ordinary shares for every £200 nominal of Loan Stock and has decided to do so on 4th October 1988. Accordingly, all holdings of Loan Stock will be converted on that date unless written notice is received by the Company by 4th October 1988 regarding the Company's intention of converting, to repay the whole or a specified part of a holding at par together with interest accrued up to and including 4th October 1988, the date of repayment.

The new Ordinary shares arising on conversion will be credited as fully paid and will rank in full for all dividends and other distributions declared, paid or made in respect of the current financial year ending 28th February 1989 and in any other respects pari passu with the Ordinary shares of the Company in issue. Any fractions of Ordinary shares arising on conversion will be aggregated and sold in the market and the net proceeds will be distributed pro rata amongst the persons entitled thereto except that amounts of less than 22 pence will not be so distributed but will be retained for the benefit of the Company. No interest will be payable on the converted Loan Stock in respect of the period after 31st May 1988.

On the basis of the middle market quotation for an Ordinary share, as derived from the Daily Official List of the International Stock Exchange on 9th September 1988 of 259p, the shares to be allotted on conversion of £200 nominal of Loan Stock would have a total capital value of £259 (Grossing Fraction). Repayment of £200 nominal of Loan capital would realise £200 capital.

A letter from Michael Bonall, the Company Secretary, containing formal notice of compulsory conversion, is to be posted to Stockholders as soon as circumstances permit and, in view of the current postal difficulties, copies thereof can be obtained from the address set out below together with the terms of notice needed to require the Company to repay the Loan Stock in lieu of conversion. Further details can be obtained by telephone from the Company Secretary (tel: 0522 35222) and from Derek Barnes of Guardian Royal Exchange Assurance plc, the trustee of the Loan Stock (tel: 01-953 7477 Extension 3360).

If you are in any doubt about the action you should take and, in particular if you are considering requiring repayment of your holding, you are strongly advised to consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

By Order of the Board  
M. J. Bonall  
Secretary

13th September 1988  
Registered Office: Two Esna, Dalmeida Road, Chesham, Bucks, EN8 5SL  
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Leading European-Based IS Companies	
Company	World IS Rev (\$mil)
1 Siemens AG	\$5,703.0
2 Ing. C. Olivetti & Co. SpA	4,637.2
3 Groupe Bull	3,007.5
4 Nixdorf Computer AG	2,821.5
5 NV Philips Gloeilampenfabrieken	2,601.6
6 STC plc	2,123.9
7 Alcatel NV	2,052.1
8 LM Ericsson	1,511.6
9 Inspectorate Intl. Ltd.	1,225.0
10 Memorex Intl.	1,041.1

Source: Datamation, August 1988  
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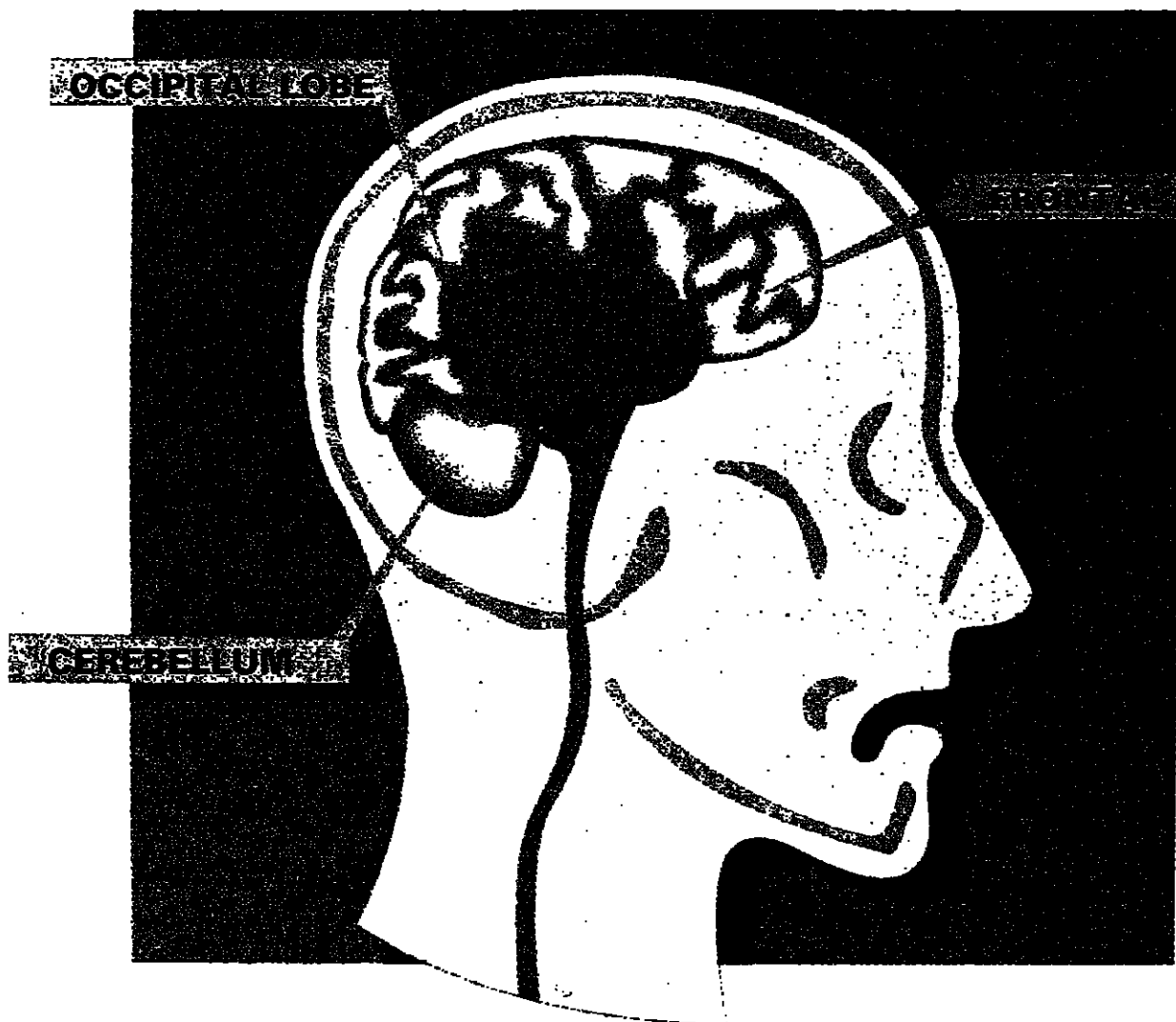


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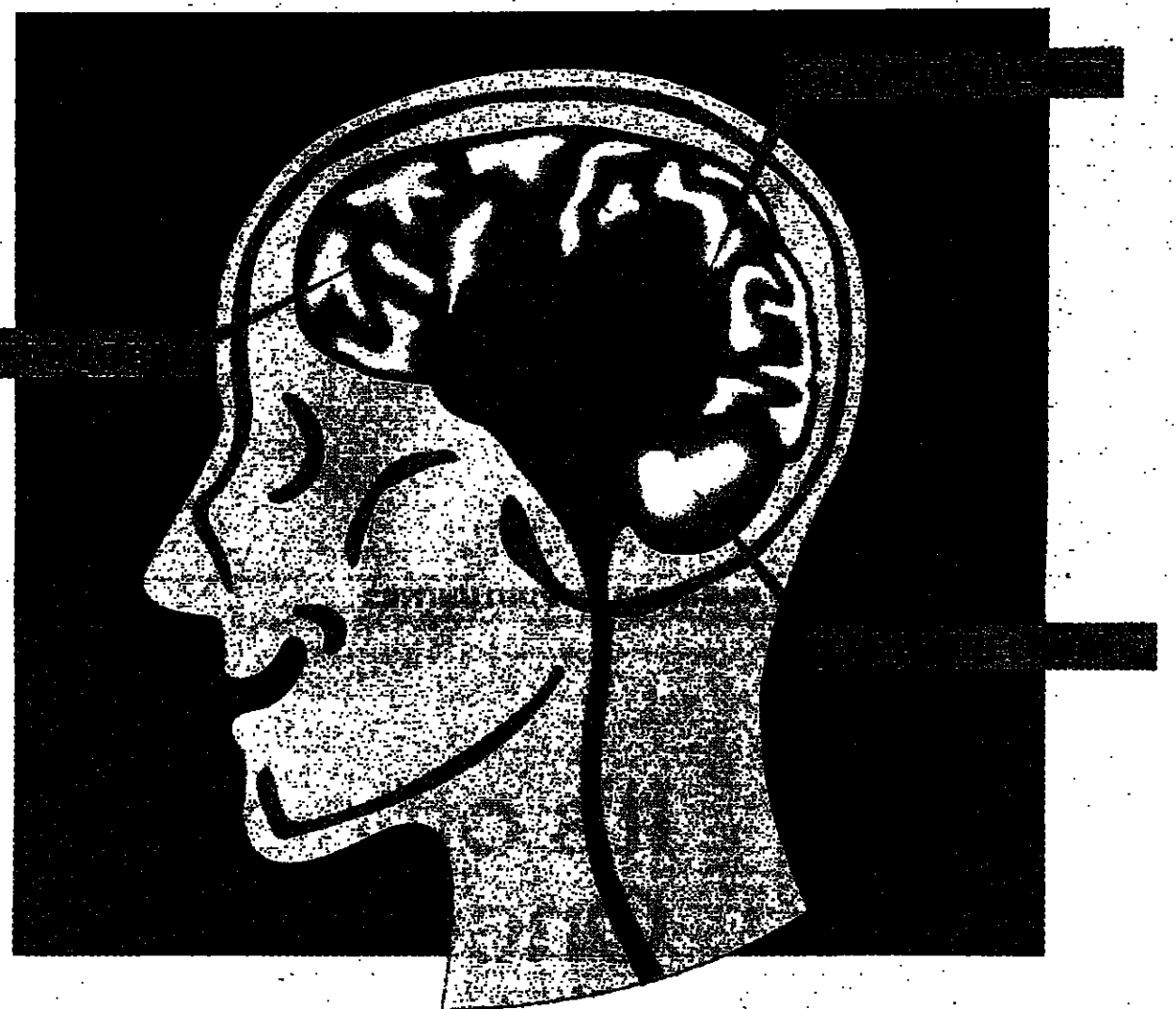
The conventional PC brain.

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The Macintosh brain.

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MANAGEMENT: Small Business

It was just over two years ago that under Hamlyn, a City accountant, was called in to help out a small supplier of artists' materials which was having increasing difficulty in managing its financial affairs.

It was evident that the company was energetically run but it lacked professional management in several key areas, including finance," recalls Christopher Honeyman Brown, the partner in charge of Binder's business services department, which handles owner-managed businesses.

"The accountants advised the company, which at the time had turnover of about £800,000, to introduce computers to handle its growing volume of business. They also helped it adopt management systems which allowed it to plan more effectively for the future and to calculate its costs more accurately.

Just when matters seemed to be under control, a new problem arose. The company's financial controller, who had been quite capable of managing the old-style manual methods, proved unable to handle the new computerised systems.

In the five months it took to recruit a new controller, the company once again started to lose its grip on its finances and Binder brought in a temporary outside accountant to avert disaster. It was not until April of this year that the new controller was installed and the crisis was finally over.

"The company is now producing clean monthly information and is on top of its finances," says Honeyman Brown. "It has realistic budgets for the next year and its performance is being monitored. The company knows where it is going and the change in confidence is quite extraordinary."

The problems faced by this company are by no means unique. A failure to manage financial affairs ranks as the most common cause of small business failure in the UK. Small companies are poor both at planning their finances and at managing the financial aspects of the business they already have.

"The main problem in many small businesses is that financial controls do not exist," says Simon Anderson, a partner at accountants Coopers & Lybrand. "Not only do they not keep up to date, they do not plan ahead. They realise they need to produce a business plan if they are raising finance but are not aware they need it to run the business."

The importance of the need



# Taking the mystique out of money matters

Charles Batchelor on the importance of financial planning

for financial planning was recognised by the Government's decision to add business planning and financial and information systems to the range of subjects available under its Enterprise Initiative in April. These two subjects have so far accounted for 23 per cent of the contracts approved under the initiative, which provides subsidised management consultancy help to small firms.

At the most basic level the small businessman takes a simplistic view of the way money flows in and out of his business. "If it is a cash business he looks upon all the money in the till as being his, without realising some of it belongs to the supplier, the taxman and the staff," notes Stan Mendham, chief executive of the Forum of Private Business, a leading small business lobby group.

Christopher Bielenberg, managing director of Resource Evaluation, a consultancy specialising in cash flow management, agrees that the quality of financial management in many small and medium-sized companies is poor.

"Businesses are very often set up by engineering or manufacturing people who have no experience of dealing with financial matters," he says. "They are reluctant to hire a finance man because they see him as a dead hand on the business."

Even when a company has a finance man in its senior management team this is no guarantee that important areas such as credit control and purchasing will be properly handled. Bielenberg attributes this to the dull image which attaches to these areas of finance. "People involved in financial management don't want to get involved in these lowly areas," he says.

The result is that few companies take the trouble to train their staff in credit control and purchasing skills and consequently handle it badly. Yet, he argues, considerable savings can be made by tightening up controls on cash flow.

Computercenter, a distributor of microcomputers, achieved a £1.5m improvement in its cash flow and cut the level of outstanding payments due from the equivalent of 85 days' sales to just 49 days after calling in Resource Evaluation to improve its financial controls.

As a small company Computercenter had found its cash flow easy to manage while it concentrated on building up sales, according to Peter Ogden, its chairman. But as it grew larger (sales had reached about £5m when it called in Resource Evaluation 18 months ago) it began to experience cash flow problems which were holding back growth.

Resource Evaluation's four-man team found that invoices were often only being produced

in the last week of the month; queries on invoices were held up; payments of £50,000 while the credit department had failed to recognise that just a small number of customers accounted for most of the outstanding debt.

They responded by setting up a system to monitor debt collection activity on a daily, weekly and monthly basis. A credit manager was brought in; large debts were contacted to discuss payment problems; and a training manual for credit control staff was drawn up.

The moral from stories such as this, according to Bielenberg, is that companies must put as much thought into the quality of their financial administration as into the quality of their products or their service.

Computercenter is not alone in having concentrated on building up its business without regard for the need for financial controls. Binder's Honeyman Brown identifies this as a common cause of companies running into difficulties.

Entrepreneurs also give financial management a low priority because they feel it might cramp their trading style, he says. "It introduces a clinical and impersonal measurement of financial performance and can reduce the number of options available. It sometimes reminds the entrepreneur that he is not as suc-

cessful as he might like to think."

Many accountancy firms are keen to increase the amount of small firms' work they do but businessmen are often reluctant to call in professional advisers because of the expense involved. "Professional financial people also tend to use jargon and buzz words which do nothing to endear them to the entrepreneur," Honeyman Brown acknowledges.

Many of the smaller accountants take a very narrow view of their role, drawing up accounts and carrying out audits. The larger accountants are keen to provide financial planning advice but their scale of fees is too high for many small businesses.

For some companies, such as the supplier of artists' materials, the problems associated with a lack of financial controls strike early. Others, like Computercenter, grow much further before inadequate financial systems start to hamper growth.

Companies seem to be most vulnerable not when they reach a particular level of turnover or employee numbers but when the growth of their business forces them to adopt new control procedures.

"The larger accountants can reduce the work involved in the production, marketing and distribution of a new product, the study says.

It can also allow smaller companies to exploit niche markets which might otherwise have to be left to larger companies and allow the small

## Technology transfer A licence to exploit

Small businesses are failing to exploit to the full the benefits of technology transfer, whereby one company acquires the rights to a product developed by another. "In principle technology transfer could be of particular value to the growing small and medium-sized enterprise," says a recent study in a review of the experience of small companies in Scotland and Ireland.

Transfers usually take the form of licensing or joint venture agreements which give the buyer the right to use another's patents, trademarks, copyright or registered designs.

By acquiring the rights to a proven product the smaller firm can develop new products more quickly and more cheaply than doing it in-house. Technology transfer can reduce the work involved in the production, marketing and distribution of a new product, the study says.

It can also allow smaller companies to exploit niche markets which might otherwise have to be left to larger companies and allow the small

business to compete in technological areas despite its scant in-house research and development capability.

Small businesses often do not make the best use of technology transfer because they lack resources, access to information and means of communication, and management experience, the study says.

They often fail to think strategically and tend to emphasise technical considerations at the expense of marketing when negotiating a transfer deal. This marketing weakness shows up particularly when a company acquires the rights to a product which takes it into new market segments.

The study makes a number of suggestions for good practice in reaching technology transfer agreements.

Managers should stand back from their own company and evaluate its strengths and weaknesses. They should be clear on how the transfer would fit in with short and long term business plans.

They should make sure they can get on with their prospective partner in terms of corporate culture as well as in

purely commercial terms because any agreement may lead to larger, more profitable arrangements in future.

The technology, its marketing and other aspects of the deal must, ideally, be agreed in as much detail as possible or problems may emerge later.

Intermediary technology transfer organisations run by a number of regional development agencies can provide expert advice but the final decision on the technology must come from the companies involved, the study says.

Companies should not underestimate the time and effort it will take to absorb the new technology, the study warns. Nor should they underestimate the cost. This may be as much as £50,000 to £100,000 in the first year.

The Technology Transfer Process: A Pilot Study in the Role of Intermediaries. Prepared by the Scottish Enterprise Foundation and Shannon Development Company. Obtainable from the foundation at the University of Strirling, Strirling, Scotland FK9 4LA. Price £15.

Charles Batchelor

## In brief...

A series of training courses on how to start up in business will be held in Colchester and Southend over the next six months.

The courses, which form part of the Training Commission's Business Enterprise Programme, comprise a seven-day programme spread over five weeks and are free of charge.

They aim to help would-be entrepreneurs evaluate their ideas and provide advice on subjects such as marketing, tax, legal issues, forecasting cash flows and planning.

Contact Enterprise Courses, PO Box 65, 800 House, 18 Middleborough, Colchester CO1 1GG. Tel 0206 561700.

Small companies, particularly those based in inner city areas with high crime rates, often have difficulty obtaining insurance cover.

Lloyds Bank has launched a Retailers' Protection Programme underwritten by Royal Insurance as the first in what it says will be a series of insurance policies available for small businesses.

The retail scheme, which

includes pubs and restaurants, includes a free 24-hour legal helpline, a same-day plate glass replacement service, accidental damage cover on buildings and contents and an automatic 20 per cent increase in stock cover over Christmas and Easter.

The role of small and medium sized enterprises will be one of the subjects to be discussed at the Fifth International Conference on Innovation and Regional Development to be held in Berlin on December 1 and 2.

Contact Wolfgang Gessner, Technologie Vermittlungsagentur, Kleiststr. 23-26, D-1000 Berlin 30. Tel (010 49) 30 210003-30.

Leeds Polytechnic is to host a series of lectures and seminars on the theme of venture and development capital as part of efforts by the city to reinforce its role as a financial centre.

The series consists of 23 Wednesday lunch-time meetings starting on October 5 and running until May 3 on subjects such as the Enterprise

Network, Practical Lending to Small Businesses, Effective Tax Planning and Causes of Business Failure.

The programme is aimed at the professions, senior managers, company directors and managers of business support agencies.

It includes costs £200 or £20 for individual sessions.

Contact Martyn Robertson, Leeds Polytechnic Business School, 5 Queen Square, Leeds LS2 8AF. Tel 0532 439726.

An exhibition and conference entitled Business and Corporate Finance 88 will be held at Olympia, London, on May 23-25 1989.

The event is intended for the owners and directors of businesses ranging from start-ups to USM or full stock market listed companies and will cover subjects such as the implications of 1989, venture capital and management buy-outs.

Contact Tim Ethells, Enterprise Events, London House, 243-253 Lower Mordake Road, Richmond, Surrey TW9 2LL. Tel 01-948 5160.

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BY ORDER OF THE JOINT ADMINISTRATIVE RECEIVERS  
PHILIP MONJACK FCA AND STEPHEN D. SWADEN FCA  
In the matter of  
**DELTA COLOUR LIMITED & IMAGINE (SOUTH EAST) LIMITED**

OFFERS ARE INVITED FOR THE BUSINESSES AND ASSETS OF THE ABOVE LONG-ESTABLISHED, WELL KNOWN COMPANIES, WHO OPERATE A SPECIALIST COLOUR PHOTOGRAPHIC PROCESSING LABORATORY, LEASEHOLD PREMISES STRATEGICALLY LOCATED IN PADDOCK WOOD, KENT INCLUDE HIGHLY COMPLEX MODERN EQUIPMENT, WITH THE BENEFIT OF A PRESTIGIOUS CUSTOMER PORTFOLIO. TURNOVER FOR 1987 WAS £1.2M. AT A GROSS PROFIT OF £579K. THE ACQUISITION OF THESE BUSINESSES REPRESENTS A UNIQUE OPPORTUNITY FOR THE PURCHASER.

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For further details please contact the Joint Administrators: Tony Richmond or Martin Shaw

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TECHNOLOGY

Imagine a mainframe computer small enough to fit in a drawer, or a super-computer no bigger than a pocket calculator. These are familiar images to anyone who has speculated about the future of computer systems, but semiconductor technology is making them a reality.

# The key to a drawer-sized mainframe

Alan Cane explains how the world's leading computer designers are packing more power into smaller packages

The world's leading computer architects, Gene Amdahl of Andor Systems and Seymour Cray of Cray Research, have designs that exploit the latest developments in chip technology and which should see a drawer-sized commercial mainframe launched within 12 months and a pocket-sized supercomputer within five years.

Amdahl, formerly one of IBM's chief mainframe designers, left the company in the mid-1970s to pioneer plug-compatible computers - machines which are cheaper and faster than their IBM equivalents but which use identical software. Although he left the company which still bears his name in the early 1980s, it remains a powerful force in the industry.

Cray, "the hermit of Chipewewa Falls", a man happier in the laboratory than in the board room, has dedicated his life to building the world's fastest computers. It was his designs which took Control Data Corporation to the top of the supercomputer league in the 1970s. He left to form his own company in 1976 and now the name Cray is synonymous with supercomputer (a term Cray dislikes, preferring to call his creations "scientific computers").

Amdahl formed Andor Systems last year after his company, Trilogy, failed to achieve "wafer scale integration," the interconnection of hundreds of semiconductor chips on the same silicon slice. Andor has a less ambitious but more controversial aim: to create a central processing unit (CPU), the heart of a mainframe computer system, of equivalent power to a small IBM mainframe (such as the 3090/180E which can process about 10n instructions a second) and which will run on IBM's advanced flagship operating system MVS/ESA.

Amdahl plans to cram all this into a package which will fit into a drawer and consume less than 700 watts of power. It sounds impressive, but technically it is no huge breakthrough. The core of the system will be a 17-inch printed circuit board bearing two silicon chips. The designs for the chips, which took eight people nine months, are ready for shipping to the semiconductor company Motorola, which will start to fabricate them on

its very large-scale integration line later this month.

IBM has already implemented its complete mainframe architecture on a single silicon chip in the laboratory. Ian Hugo, an independent consultant who has studied Amdahl's plans, says: "What he is proposing is, by his standards, a relatively modest stretching of the technology."

Andor is especially interesting because of the commercial aspects of the operation. "The key to Amdahl's thinking is financial," says Hugo. "He does not want to lose control of this



Gene Amdahl

venture in the same way he lost control of Amdahl, so little venture capital is involved." Andor is capitalised at only \$2.4m (£1.4m), of which less than \$1m has been spent so far.

Amdahl's idea is to contract out not only as much of the manufacture and assembly as possible, but also sales and systems support. Writing in the magazine Insight, IBM, Hugo argues: "Large software houses operating in the marketplace for IBM's MVS computers already have such staff in place throughout the Western world. If Amdahl can strike deals with them, he will have the opportunity to attack the

whole MVS market from Day One."

Amdahl also proposes to offer short-term rentals and leases, which he will finance himself because his machines will be so cheap to build.

He aims to sell at a substantial discount not only to IBM, but also to other mainframe manufacturers. Amdahl's manufacturing cost might prove to be only a 20th of the final selling price. IBM's mainframe hardware business, Amdahl argues, is twice as profitable as any of its other lines and the industry giant, struggling to regain former profit levels, is not in a good position to cut prices on its most profitable systems.

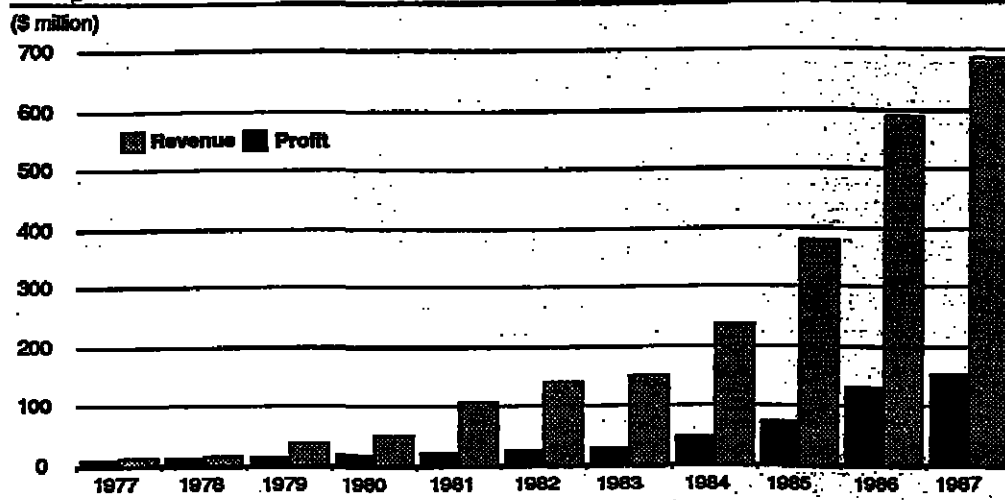
Very large scale integration is the key to Amdahl's strategy. Hugo suggests that, for the next generation of Andor machines, Amdahl will shift to the fastest form of silicon circuitry: emitter coupled logic.

Semiconductor technology is also the key to Seymour Cray's new machine, the Cray 3. His venture is more pioneering, but nevertheless he expects to have prototypes of the machine operating early next year, ready for a commercial launch in 1990.

"Commercial" is perhaps the wrong word to use for supercomputers. Unlike conventional mainframes which are designed to tackle a mixed workload, serving many users simultaneously, supercomputers are built to tackle huge computing problems in the shortest time. They are, in a sense, the most expensive personal computers.

For the scientists and engineers who use supercomputers to design aircraft or plan geological surveys, there can be no substitute and so the machines are almost price inelastic. But at \$20m, the price of a Cray 2, Cray believes

### Cray: revenue and profit



he has reached the limit: "I do not believe people can pay any more for a computer. Now I am trying to give them as much computing power as possible for the money."

Analysts are impressed. After a blip earlier this year, when one of the company's senior designers left, Cray shares are again on the buy list. Daniel Benton, of New York stockbrokers Goldman Sachs, says: "Assuming the Cray 3 ships as planned, Cray's revenues and earnings should substantially increase in the early 1990s."

So what is special about the Cray 3? It will be the first commercial computer to be built using gallium arsenide, an unpleasant material which is difficult to process. It can only be persuaded to act as a semiconductor by the addition of small amounts of impurities. When so "doped" however, electrons travel through gallium arsenide three times faster than through silicon, opening up the prospect of much greater computing speeds.

Cray launched the Cray 1 in 1976. Its internal clock ticked away once every 12.5 nanoseconds (a nanosecond is a thousand millionth of a second) and it could carry out 130m floating point calculations (or megaflops) every second. The Cray 2, launched in the early 1980s, featured four processors operating in parallel. Its circuitry was cooled through the innovative technique of immersing the chips in liquid and its performance was a dramatic improvement over the Cray 1: clock speed, four nanoseconds; 1,800 megaflops.

Cray says the Cray 3, using gallium arsenide circuitry, will have 16 co-operating processors, a clock speed of two nano-

seconds and 12 times the performance of the Cray 2.

He is already working on designs for the Cray 4, which will incorporate 64 processors, have a clock speed of one nanosecond or less and give a further eight-fold improvement in performance over the Cray 3.

Looked at another way, over the 10 years between the launch of the Cray 2 and the Cray 4, Cray expects to be able to improve supercomputer performance 100 times.

Both Cray and John Hollweg, company chairman, say they feel as if they are at the



Seymour Cray beginning of a new era in supercomputing.

Hollweg says gallium arsenide technology, coupled with new networking and graphics techniques, is making possible "visualisation", where physical phenomena can be modelled and represented on a computer monitor in three dimensions and full colour. "It will allow intuitive research in place of today's mathematical abstractions."

Cray says that the possibilities for silicon circuitry are nearly exhausted. His first supercomputers, designed for Control Data Corporation, were

implemented in a primitive silicon technology called diode-transistor logic where diodes were used for computation and transistors for amplification. Successive designs used transistor-transistor logic and, finally, emitter coupled logic. These changes achieved a hundred-fold increase in speed.

He argues that the gallium arsenide circuits in the Cray 3 are as primitive as the diode-transistor circuits in his first supercomputers. Fabricated by Gigabit Logic, a US start-up founded by a number of gallium arsenide experts from Rockwell, the electronics and aerospace group, the circuits use diodes for computation and transistors for amplification.

Cray expects the same order of improvement in the performance of gallium arsenide chips as happened with silicon circuitry. Already Gigabit Logic has chip designs of the kind Cray will want to use in the Cray 4.

The new machines will be small: the Cray 3 no bigger than a coffee table, the Cray 4, power supplies apart, small enough to sit on the palm of the hand. Printed circuit boards for the Cray 3 have already been fabricated. One inch square, they are eight layers thick and have 1,000 holes.

To assemble these tiny components, the company has built robots. A Cray robot arm moves only four to five centimetres, with an accuracy of three millionths of a metre.

Advances in semiconductor technology made the personal computer possible. The new machines from Andor and Cray seem certain to demonstrate that this technology can force the pace at the top end of the computing range in just as dramatic a fashion.

# Battle of the PC buses

Louise Kehoe reports on a challenge to IBM's Micro Channel

The expected announcement today, by a group of personal computer manufacturers, of a new PC "bus" will have serious implications for the industry. PC users, however, may well be left wondering what all the fuss is about.

A bus is a set of chips that determines how quickly a computer screen responds to keyboard instructions. It is essentially an information path which distributes signals to different parts of the system.

The role of the bus is analogous to a data "highway". Most recent PCs contain an AT bus. This is a relatively slow two-lane highway. With the launch of its Personal System/2 model 17 months ago, IBM introduced a new proprietary bus, called the Micro Channel. This is like a four-lane highway with overpasses connecting it to alternate routes. It is much faster than the old AT bus and can potentially distribute and collect signals from several microprocessors.

At first, the Micro Channel appeared to represent a major problem for IBM's competitors. Without the Micro Channel, many observers thought they would be stymied in their efforts to create a new generation of IBM clones.

IBM says, however, that it has always been willing to license others to use patented technology incorporated in the PS/2. In April, the company clarified its policy, encouraging competitors to apply for licences. This appeared to reflect recognition that the Micro Channel could not become a new standard without the support of other PC manufacturers.

"IBM made a tactical error," says Bill Lampson, a Dataquest analyst. He suggests that the company was too late in encouraging others to take out licences on the Micro Channel and that the licensing fees are high.

Now it appears that many of IBM's largest rivals in the PC industry will side-step the Micro Channel and create their own bus standard. What has prompted this move, according to industry analysts, is IBM's failure to demonstrate the advantages of Micro Channel to the satisfaction of many PC

buyers. Another factor behind customer resistance has been the cost of new add-on boards for Micro Channel computers.

What is more, by already controlling the "traffic" on an AT bus, IBM's main rival, Compaq Computer, has been able to speed up the flow of data to beat Micro Channel performance.

The PC makers recognise, however, that they too must eventually build a four-lane highway. "A traffic jam is developing," explains Lampson. With the introduction of 32-bit microprocessors, capable of sending more information more rapidly into the system, the need for a new bus is evident.

What the IBM rivals propose is to broaden the existing highway with two new lanes. Their new bus will remain compatible with the established AT bus, but will be faster and have the inherent advantage of being able to communicate with existing add-on boards.

This construction project could take several months, but it should not be too late to avert a major traffic snarl-up. IBM's competitors will, in any case, retain the option to take out a licence on the Micro Channel.

The potential losers in this effort to create a new industry standard bus include IBM and the companies which have ploughed time and money into cloning the Micro Channel.

If the Micro Channel is ultimately rejected by most PC manufacturers, then the makers of chip sets and add-on circuit boards for it, as well as the European PC makers which have backed it, may find themselves heading down the wrong highway.

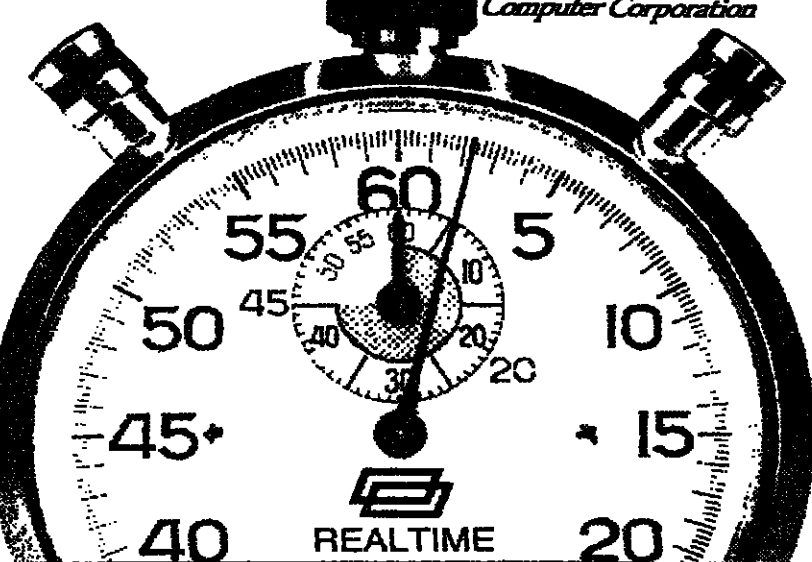
Already, the only two US PC companies to have announced Micro Channel-based computers, Dell Computer and Tandy, appear to be backtracking. Even IBM's commitment to the Micro Channel has been questioned. This month the company is expected to launch a new PC based on the standard AT bus.

While analysts expect IBM to position the new product as an enhanced version of the PS/2 Model 30, it will represent a move by IBM to recapture a portion of the market for standard AT-class machines.

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### The Outlook For World Mobile Communications

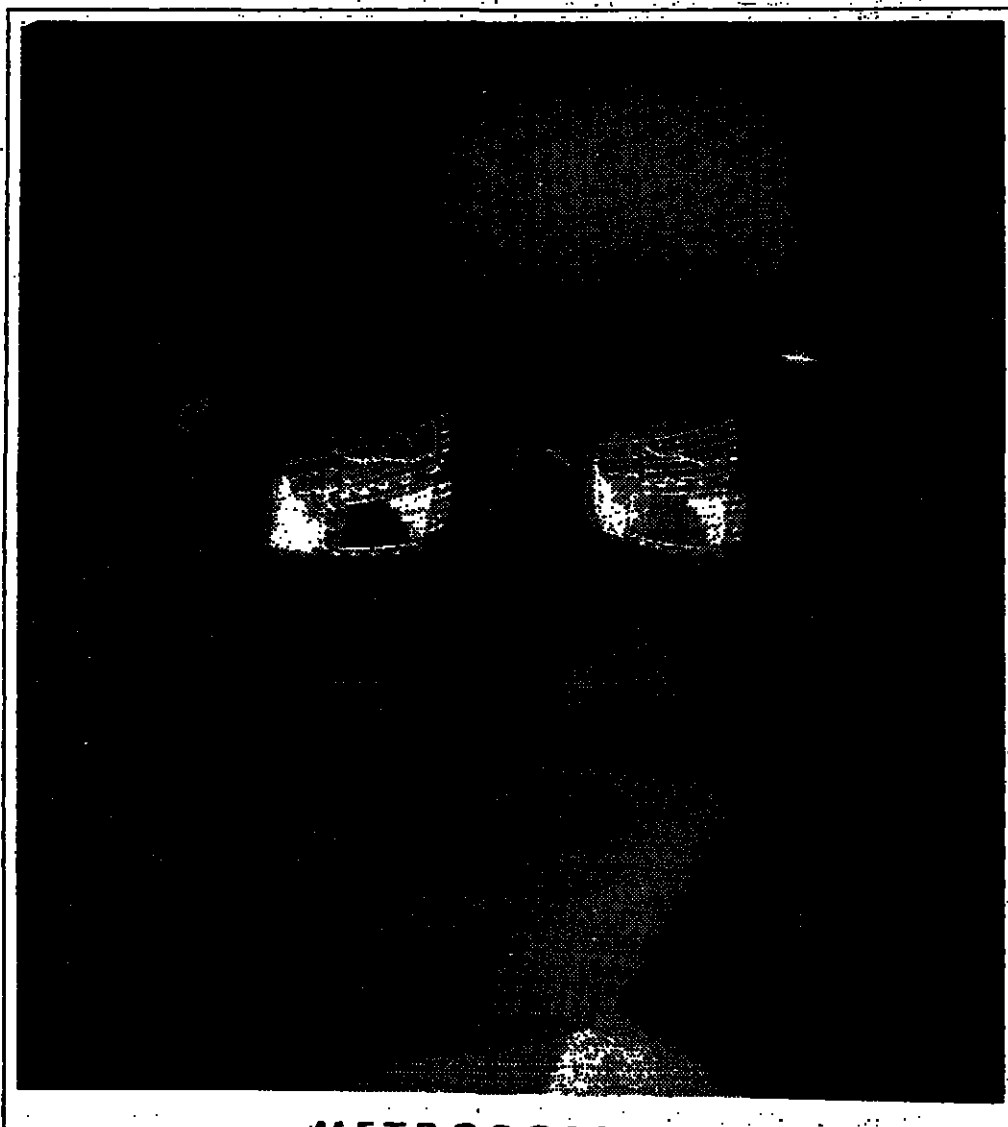
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ARTS

William Packer reviews three London exhibitions
Figurative painting lives

There has been no need of a revival of figurative, representational painting in Britain in recent years, for it was never moribund. Three shows current in London, of the work of painters all now comfortably over 60, present convincing evidence of the consistent strength, quality and variety of British figurative art, sustained over long careers, whether we have cared to notice them or not.

abroad. But if they have been impressive, they have also inclined towards a certain dullness of purpose and darkness of mood, qualities that do not always make for a ready accessibility. Now, however, the mood has lightened, and although the essential typical greyness of the work remains, it is a richer, livelier and more various grey. With this lightening has come a freer and more confident quality in the statement of the image, never more so than when he is confronting the particular subject: the figure, the head and now, in a remarkable new sequence of paintings, the portrait of Christchurch, Suffolk. It is in the rich and paradoxical variety revealed by close repetition that the particular quality of these works lies. The two Christchurch paintings, shown here side by side, are among the most spirited and naturalistic icons of the black magdalen. The mark or gesture is not merely the agent of conventional pictorial description but the actual physical embodiment of the image. If it will not do it must be done again and again, until the artist's spirit and commitment than liberal accuracy.



'Peggy Falling Asleep' by Leon Kossoff, 1987

and humane sympathy that they never fall into the abyss. At Bernard Jacobson (2a Cork Street W1, until October 8), Carol Weight celebrates his 80th birthday with a display of extraordinary liveliness and vigour. But as with Stanley Spencer, with whose work his own is often compared, it is all too easy to see him as just another in that long British tradition of visionary eccentricity. That visionary quality is evident enough in the miraculously mysterious visitations he brings to the everyday world of city street, back garden and country lane. But it is not the quality of pictorial invention alone that makes his work remarkable, but also the close accuracy of his observation and the freshness of his painterly touch, by which he gives it form and substance. No artist has caught the peculiar mood of the Victorian suburbs of south-west London

Weekend Proms

ALBERT HALL
Günter Wand's account of Mozart's minor symphony (K. 550) in the first half of this short but intensely weighty Promenade concert on Saturday evening was as moving as any I've heard. His approach was unperturbably classicising and calm, and given the imperiousness of the work itself, the result was close to ideal. The first movement was taken at just the right impulsive but manageable tempo; the BBC Symphony Orchestra's tone-production was unusually disciplined; and one could follow the bearing musical progress as easily as reading a book. The melodic phrases of the Andante were made gorgeously eloquent but not in such a way as to take the edge off definition and its harsh truth. The Menuetto and Trio were dauntingly beautiful. The complexly worked but inexorably driven Allegro assai finale was an intellectual feast even as it drew the listener towards those imperceptibly last three chords and tragedy's painful recognition: that death exists, that final is final. In a performance of such completeness one is gripped and scrutinized by Mozart's music: there is no part of your experience that does not seem comprehended by the work. To the account of Chaikovsky's Pathétique symphony which followed one was unlikely, therefore, to be as receptive.

unlimited enthusiasm. In the hall, we missed the further exegesis of Mahler's early Das klagende Lied that he did for the BBC transmission - but television viewers missed some rare Beethoven, and Jörg Böhm's immaculate pianism in Weber's Konzertstück. Whether Weber's pianism is just what Weber's lively mini-concerto needs is another matter; the inspired personal quirk of Melvyn Tan's "period" performance a couple of years ago converted me to the other view. Between enthusiasm and passionate indulgence there is a fine line, which the conductor might have marked more judiciously in the other works. Beethoven's op. 112 "Calm Sea and Prosperous Voyage" is not an orchestral sketch like Mendelssohn's, but a chorus-with-orchestra setting of the original Goethe poems "Meeresstille" and "Glückliche Fahrt," a matched pair, respectively becalmed and briskly seaborne. That Beethoven faithfully last three chorals and tragedy's painful recognition: that death exists, that final is final. In a performance of such completeness one is gripped and scrutinized by Mozart's music: there is no part of your experience that does not seem comprehended by the work. To the account of Chaikovsky's Pathétique symphony which followed one was unlikely, therefore, to be as receptive.

Regional Theatre: Dickens, Shakespeare and Gershwin open the autumn season in Newcastle, Birmingham and Sheffield

For its first professional production, Newcastle's Tyne Theatre Company has joined forces with the Cambridge Theatre Company at the Tyne Theatre and Opera House in Newcastle in an ambitious venture that takes to Bath, Darlington, Poole, Cambridge and Coventry this month and next. The co-directors of the company, Peter and Susan Letton, have now turned their attention to another Galsworthy novel teaming with high and low life: Zola's Partisan paragona became a round dance of desire, acquisitiveness and corruption in Dickens' A Tale of Two Cities the more recently narrative is broken up by symbolic choreographic interludes, formation dances that epitomise the decaying ancient régime or the robust stability of English society. For this Anthony Ingle's score produces some fine mock-Handel, well played by a six-strong band in the wings. The composer defends his use of idioms apparently 50 years out of date for the French Revolution in a programme note; but they do sound odd.

unsuitably - young and glamorous as Mme Defarge; but Kate Godfrey's touching little seamstress, with her redemptive kiss for Carton at the guillotine, has the fresh emotional impact that the rest of the production so rarely needs. Martin Hoyle Birmingham Rep has given us A Midsummer Night's Dream in a double-bill. Though ingenious doubling has enabled director Robin Midgley to use a quite small company, he will not hesitate to bring on an extra character if he needs one, and indeed add an extra scene. We open with a scene coming out of a modern play singing "I'm getting married in the morning" from My Fair Lady. This passes in a moment, and we are in Theseus's palace. Here a young man is taking an evening off from the Youth Club to hang around while the problem of who marries whom is set up. He knows no one, no one knows him. I took this figure to be a new kind of Robin, polishing up his omniscience earlier than usual. But no, when the pub front drops again from the flies and the common people emerge, he is greeted as Nick Bottom, and this is what he remains, often sleeping under a tree stage left when other people are minding their business. Tyler-Butterworth is the player, the most enjoyable player of the company by a fair margin. The real Robin is a girl, Doreen, Sayers, who tells "Yeah" whenever she is excited, who evidently thinks "Night and silence" is an oath, and is sometimes hard to understand. Miss Sayers later becomes a female Philostrate.

rest of the Birmingham spectators did on Thursday. B.A. Young Sheffield's Crucible Theatre season opens with a jolly enough revival of the 1924 Gershwin musical, Lady, Be Good! (music by George Gershwin, lyrics by Ira) to a sassy book by Guy Bolton and Fred Thompson that was a smash hit for Fred and Adele Astaire on both sides of the Atlantic. The best songs are "Fascinating Rhythm" and "Oh, Lady, Be Good!" The first is discharged by the Sheffield company with adequate vigour. The second is sung by the undoubted star of the show, Clive Rowe, as a plea for intervention by a society dame in the case of the impeccable singing and dancing siblings, Dick and Susie Trevor, who have been thrown out on the street. Hence the song, and show title's, punctuation. The Crucible dispenses with such niceties in its programme and publicity and does not even explain the "book revisions" credited to the American Tommy Krasker, who worked on a revival for the Good Hope Opera House in Connecticut. These include the cutting of two songs, "Little Jazz Bird" and "Swiss Miss," and the inclusion of three other Gershwin items, "I've Got a Crush on You," "Nice Work if You Can Get It" and "Love Walked In." In theory, I have no great objection to this, but director Clare Venables and Stephen Daltry might have come clean. The latter two songs are from a later, smokier period and anyway dramatically incongruous. The Sheffield approach is typi-

Paul Driver

At Sunday's Prom Michael Tilson Thomas, the LSO's new Principal Conductor, delivered an interesting programme with

David Murray

Whether one wanted to encounter the biography of the writer in this was another matter, and the music certainly did not compel such interest and attention. The monodrama, more from original recordings, more from the Queen Elizabeth Hall on Sunday night, the performers being the Lontano Ensemble under Odaline de la Martinez, and the soprano Jane Manning. First came a work by the doyenne of Hispano-British music composers, Dame Elizabeth Maconchy, her settings of J. M. Synge's Irish translations, My Dark Heart. Jane Manning sang them with great expertise, and the accompanying instruments were flute, oboe, horn and string trio. On this occasion I found the music impassioned, austere, honourable, but at the same time less than memorable and a little insipid. A piece for soprano and ensemble - The Old Woman of Beare - by Maconchy's daughter, Nicola Lefanu, ended the (possibly too Manning-intensive) programme. The New Zealand-born composer Gillian Whitehead's dramatic monologue for soprano and six players, Out of this Nettle Danger - a portrayal of the last moments in the life of New Zealand-born Catherine Mansfield - received its UK premiere, and proved an amiably serious venture, slightly indebted to her one-time teacher, Peter Maxwell Davies, and in general brightly col-

ARTS GUIDE

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OPERA AND BALLETS
London
Royal Opera, Covent Garden. The season opens with Andrei Serban's savagely exotic and fascinating production of Turandot. Guest artists, Cynthia Haymon and Franco Bonisolli return to the leading roles, and Edward Downes conducts (9.0 10.00, 9.40 11.15). English National Opera, Coliseum. First new production of the ENO season is David Pountney's radical staging of La traviata. Mark Elder conducts, and Helen Field, Arthur Davies and Alan Ople are the principals. Pountney's wily, coarse-grained modern-dress Carmen sports at least a fine cast (including Sean Rigby, Jacques Trussard and Sergey Lebedev) and conductor (Yan Pascal Turtelero). The limply staged wartime-in-Mussolini's-Italy Turcs production by Jonathan Miller has the vivacious Janice Catrino in the title role, Edmund Barham, and Malcolm Donnelly (8.35 8.15). Sadler's Wells. The Cambre Financero troupe from Spain, until Sept 17. Queen Elizabeth Hall. Opera Factory production of Così fan tutte conducted by Paul Daniel (Sat, Mon, Wed) (8.25 2.25).

Vienna
State Opera. In repertoire: Tosca, conducted by Anton Guadagno, with Maria Zena, Gidon Kremer, Silvano Carvini, Robert Kerns. Cavalleria Rusticana, conducted by Adam Fischer, with Margherita Lívová, Roberto Zucchi, Peter Dvorak and Silvano. Il Barbiere di Siviglia, conducted by Ion Marita, with Frederica von Stade, Majorie Vanzo, Robert Gemmill and Alexander Malko. Così fan tutte, conducted by Christian Thielemann with Margaret Marshall, Margareta Elstner, Oliver Milford, and an evening with Jose Carreras (Fri) (5.44, ext 2666). Volksoper. In repertoire: Falstaff's Tiedand, conducted by Konrad Leitner; Ein Walzertraum (Oscar Strauss), conducted by Rudolf Bibl; Die Fledermaus, conducted by Konrad Leitner; Der Fremdenführer (Zehner), conducted by Rudolf Bibl; Die Bohème, conducted by Ernst Maczenderer; My Fair Lady; Hoffmanns Erzählungen, conducted by Konrad Leitner (5.44, ext 2662).

Sept 9-15

Hamburg
Staatsoper. Der fliegende Holländer has fine interpretations from Jose van Dam in the title role, Elisabeth Connell as Senta, Kurt Moll as DeLand and Richard Vramis as Sank. Die verkaufte Braut brings Linda Fiech, Kurt Streitmayer and Kurt Moll together. Bonn
Opera. Graham Vick's successful production of Don Pasquale is revived with Rolando Panerai in the title role, Angela Maria Blasi as Norina and Bruno Prato as Doctor Malatesta. New York
New York City Opera (State Theatre, Lincoln Center). The season's new production of Rigoletto, conducted by Elio Bononcini and directed by Tito Capobianco joins Naughty Marietta in Theodore Pappas's production with sets by Oliver Smith. (4.00 6.00).

SALEROOM

Top prices for Beatles
Pete Best, the Beatles first drummer who was replaced by Ringo Starr, may have missed out on being a millionaire but the tangible memories of his days with the band fetched some good prices at Sotheby's rock and roll memorabilia sale yesterday. Top price, paid by a Japanese fan, was the £17,500 for Best's thirty page scrapbook of his Beatle years, 1960-62. As ever the Beatles dominated Sotheby's auction, with a pair of John Lennon's smoky grey glasses selling to Seibu, the Japanese department store for £3,300 (double the estimate) while the telegram that manager Brian Epstein sent the boys in 1963 congratulating them on their first number one, "Please, please me" made £5,500. There were signs that the market is getting rather more selective, in an auction which totalled £1,077,236 with 12 per cent unsold. John Lennon's entry for the 1969 Disc cover awards 000) failed to find a buyer, and there were no takers at all for a group of seven original song manuscripts by the current superstar, Bruce Springsteen. John Entwistle (of The Who) got £14,850 for his Silver Shadow estate Rolls Royce of 1975, and Marc Bolan's aluminium guitar did well at £2,880, going to that regular collector Hard Rock Cafe, America. Antony Thorncroft



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Tuesday September 13 1988

## Power games in Japan

IF THERE is a political party in the democratic world eminently capable of riding out a scandal then it is the Liberal Democratic Party in Japan. After all, it has known enough of them in the last three decades, including the conviction on bribery charges of a former Prime Minister, Mr Kakuei Tanaka, and it is still firmly in power. Equally, if there is a political opposition in a major industrialised country so tentatively unwilling or unable to assume the reins of government, then it, too, is to be found in Japan.

These are the basic political realities underlying the current Japanese controversy in which aides to senior members of the government, including Mr Noboru Takeshita, the Prime Minister, have admitted receiving, or are alleged to have received, the proceeds of what appears to have been a classic insider trading case. It is not impossible that the political prospects of some implicated in the affair will be thoroughly blighted. But history suggests it is much less likely that what has become the usual political order of rule by an essentially conservative party is in comparable danger.

### Disingenuous

Some Japanese confessed to be puzzled, even offended, by the attention paid in the West to the current scandal. In this they display disingenuousness. It does no harm to throw a spotlight on the mysteries of Japanese politics, which in the post-Second World War years have been very much built on money, patronage and favours, in the manner of the great American city "bosses" of another era or even, at a national level, the PRI in Mexico.

There are also good current reasons to be interested in how Japan handles this present problem. Mr Takeshita's government has staked its all on passage of a tax reform bill that includes a new consumption levy. This change has for years been recommended by the OECD, has long been mooted by Tokyo and has more to recommend it than not.

The concern is that the scan-

dal will somehow frustrate Mr Takeshita. This probably misreads its impact, at least on the basis of current knowledge. If tax reform fails, it is more likely to be the result of effective lobbying by those vested interests, the retail trade in particular, which dislike sales levies, and of the peculiar Japanese political tradition that the ruling party should strive to reach agreement with the opposition parties rather than ride roughshod over them. Opinion polls and a recent governor's election give Mr Takeshita some reason to be optimistic.

### Tokyo market

It also matters that the Japanese financial system continues to move in the direction of greater transparency. To their credit, both the Tokyo Stock Exchange and the Japanese parliament have been prompted to take steps towards greater transparency, though whether mere laws can eradicate an ingrained habit may be endlessly debated. In reality, it is unlikely that prudent foreign money will have been lost since most, though not all, political "hot stock" dealing has been confined to very obscure companies. In any case, investors may have some reason to be grateful to the Japanese authorities for ensuring, often through opaque "guidance", that the Tokyo market has remained so buoyant in the last year.

But the main reason for hoping that good may come out of bad is political. The LDP's leadership is looking a bit aged in the manner of the great American city "bosses" of another era or even, at a national level, the PRI in Mexico.

There are also good current reasons to be interested in how Japan handles this present problem. Mr Takeshita's government has staked its all on passage of a tax reform bill that includes a new consumption levy. This change has for years been recommended by the OECD, has long been mooted by Tokyo and has more to recommend it than not.

The concern is that the scan-

## Brazil's new constitution

AFTER almost two years of confused and noisy debate, the Brazilian Constituent Assembly has finally drafted and approved a new Constitution which will be promulgated at the beginning of next month.

The document is exceedingly ambitious, laying down norms, often in minute detail, for every aspect of Brazilian society. As a result it is one of the longest constitutions in modern history, running to 245 articles. The sheer size of the Constitution provides something to please, and probably irritate, everyone. Moreover, some provisions are so manifestly impractical that they risk being totally ignored or quickly modified.

Despite these shortcomings, the Constitution marks a milestone in the development of modern Brazil. It provides the framework for a genuinely democratic society and ends the awkward constitutional vacuum which has characterised the transition from military rule. President Sarney has been in the highly unusual position of a non-elected transitional leader who has ruled largely by decree, like his military predecessors. This has undermined his legitimacy, while the unseemly wrangling over how long he should stay in office has distracted the constitutional debate.

### Ambiguity

The Constituent Assembly never seriously questioned an alternative to a strong presidential system of government, which has been adopted throughout the continent. However, the President, who holds office for five years, has been made accountable, and in some instances subordinate, to Congress. The Legislature, composed of a Chamber of Deputies and Senate, can, among other things, sanction the President, alter the national budget and determine international treaties. The text is sufficiently ambiguous to permit either a strong Congress to assert itself against the presidency, or vice versa.

The same ambiguity applies to the role written for the military on their own prompting as guarantors of constitutional order. Though not intended as a licence to intervene, the military can claim a watch-dog status. This top to

the armed forces is offset by the Constitution's enthusiastic endorsement of liberal ideals.

### Utopianism

In the last resort, Brazil's politicians have approved a document which is as much a statement of national identity as a bill of rights. The democratic ideal enshrined in the text may seem too utopian, but this is a necessary antidote to the ever-present danger of military rule. The utopianism also reflects the aspirations of a huge multi-ethnic society anxious to co-exist harmoniously in spite of sharp divisions of wealth and opportunity.

Liberal provisions include a right of citizenship, the vote for 16-year-olds, a statutory 120 days maternity leave, and the introduction of the principle of "babes-data" - an individual's right of access to personal data in official files. However, there are contradictions in this liberalism. Workers, for instance, have been granted the right to strike, and are guaranteed payment in the event of dismissal. But the unions' lobby failed to reduce the working week to a statutory 40 hours, and land reform, one of the most controversial socio-economic issues, has been side-stepped.

The Constitution is least impressive when dealing with economic matters. The provisions are retrograde, ignoring the present Latin American trend towards a greater play of market forces and the easing of restrictions on foreign capital. The tone is nationalistic and protectionist, starting with the concept of a "Brazilian" company, whose majority capital must be domestically held. Brazilian companies can enjoy privileged access to finance, operate exclusively in key strategic sectors and be given preferential treatment in contracts.

The Brazilian knack of compromise suggests ways will almost certainly be found to skirt these hurdles. Everyone seems to be operating on this assumption, and at a practical level this can only be welcome. Nevertheless, the fact that aspects of the Constitution can be so readily ignored or adapted cheapens the document itself. This is the price of a long constitution which goes well beyond fundamental rights and freedoms.

## Alice Rawsthorn on problems facing Britain's restructured textile industry

# Chill winds blow from abroad

In recent months the spectre of recession has returned to the British textile industry. After a few balmy years it has been plunged into a far harsher economic climate.

The chief culprit is the rise of the pound on the foreign exchange markets. Textile imports into Britain have already risen; textile exports are starting to slow. Some areas of the industry have been embroiled in cuts and closures that are reminiscent of the dark days of the early 1980s.

So the industry has been sheltered by the buoyancy of the home market and by the length of time taken by its retail customers - at home and abroad - to react to changes in currencies. But this autumn it will be fully exposed to adverse exchange rates. It will soon be clear whether it is capable of coping with a more competitive climate.

Two years ago we identified an exchange rate of \$1.80 as the point at which life would become difficult, says Mr Martin Taylor, chairman of Courtaulds Textiles. "Then it would have seemed impossible that the pound could rise above \$1.70 or even \$1.60 and we would carry on almost as normal. But we have."

Some areas of textiles are suffering, but these are the sectors where adverse exchange rates have been exacerbated by other problems.

The knitwear companies have suffered not only from increasing overseas competition but also from the loss of the home market. Many manufacturers are now on short-time working. Coats announced a round of redundancies in early spring. Corah, one of the bastions of the East Midlands knitting industry, recently withdrew from knitwear production as part of a package of over 1,100 job losses.

Similarly, the problems of the acrylic spinners have been compounded by a surge of cheap imports from Turkey and Mexico. Courtaulds and Lister have already closed acrylic mills. Other companies have been forced to resort to redundancies. The hand knitting sector, in the throes of a worldwide slump, is also embroiled in cuts which have so far, cost about a quarter of its workforce.

### The critical question is whether the restructuring was sufficient: whether the industry is now of a size and shape to compete within world textiles

The rest of the industry is now bracing itself for more competitive conditions. There are ominous signs that, despite the dollar's recent recovery, the multiple retailers will increase overseas sourcing this autumn. Even Marks and Spencer, the industry's saviour in the early 1980s, intends to increase its intake of imports.

The clothing sector, at least, will be sheltered by the complex quotas negotiated under the Multi-Fibre Arrangement. The MFA can control the volume of imports - as it did in knitwear last year when, for the first time in many years, the quotas were fully utilised - but it cannot alleviate the pressure on prices and profitability.

Moreover, the slowdown of exports suggests that the industry can no longer rely on strong overseas sales to counter the weakness of its home market. These problems could be compounded by the erratic outlook for consumer spending and the increase in interest rates, which augurs ill for sales of home furnishings and carpets.

All in all the industry will face a more competitive climate this

autumn. A downturn in demand - and subsequent fall in output - would almost certainly be followed by further rationalisation.

So far the textile companies have acted swiftly to counter problems by cutting costs in the weak areas of spinning, hand knitting and acrylic spinning. The lesson learnt in the late 1970s and the pressure from the stock market should ensure that they act equally promptly if problems arise in other areas.

Textiles has been one of the most sluggish sectors since the stock market crash. All the publicly quoted companies are acutely aware that the weakness of their shares makes them vulnerable to predators. There has already been a flurry of acquisitions, culminating in Coleroll's takeover of the John Crowther Group. This accentuates the need to take speedy action if parts of their business perform poorly.

But the precedent set by the weaker areas in the past year or so suggests that some parts of the industry have been able to mitigate the effects of increased competition.

The most vulnerable companies have been those involved in commodity production where the pressure from imports is most intense. Like the sweatshops that churn out cheap knitwear on dilapidated machinery in the back streets of Leicester.

Conversely the most resilient have been the companies that have invested in design and automation. Meridian, a Courtaulds knitwear company in Nottingham, has used its investment in design as an important part of its strategy to improve competitiveness.

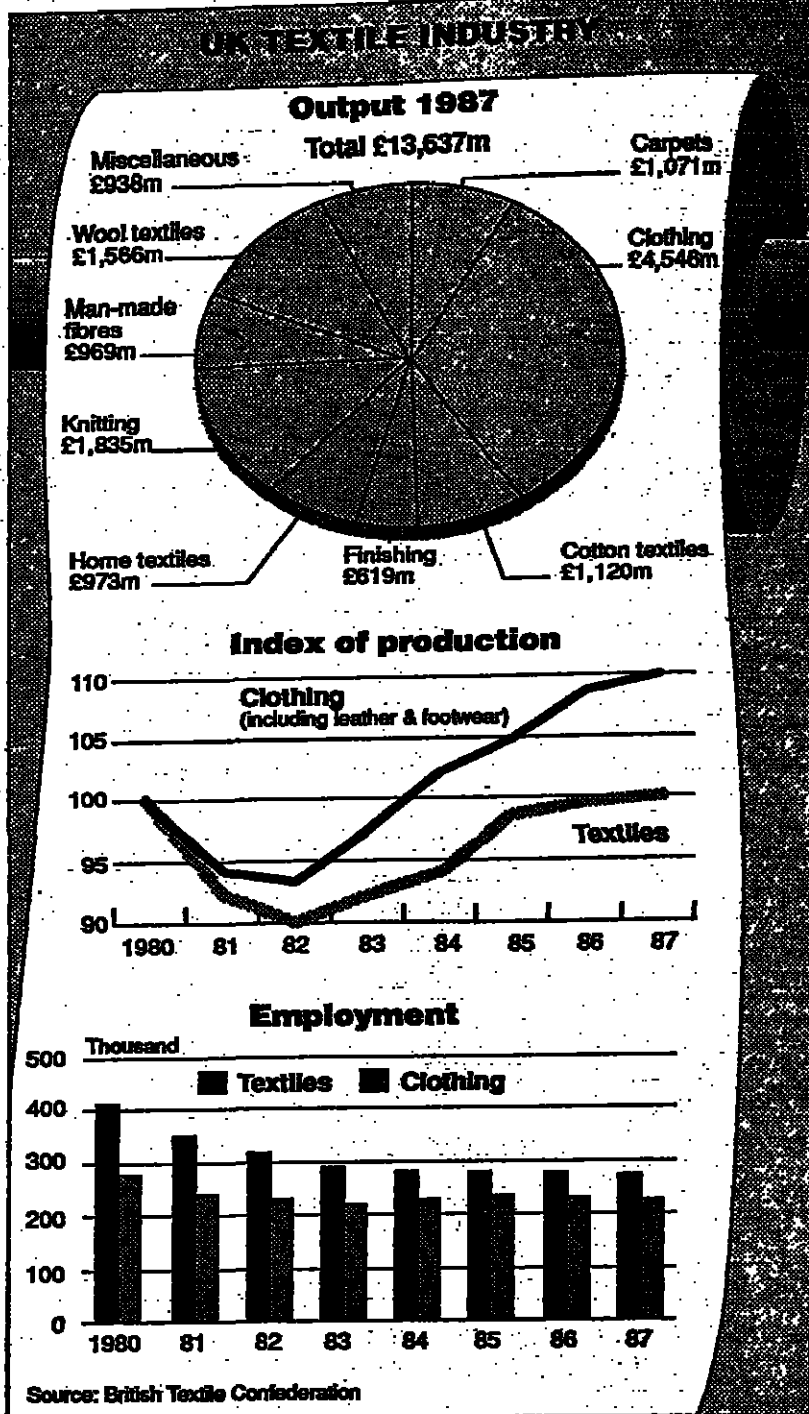
Three years ago Meridian operated at a loss. A new management team arrived and identified weak design as one of its principal problems. The new team has invested in automation, so it concentrated on expanding the design team and changing production practices.

Last year Meridian broke even. This year, despite the downturn in the knitwear market, it should make a modest profit. Moreover, at a time in which many of its competitors have been forced to shed labour, it has maintained full production.

Just as Meridian has harnessed investments in design to become more competitive, so Thomas Burnley, the acrylic spinning subsidiary of Coats near Halifax, has invested in automation. While its competitors have been forced to close plants and shed labour, Burnley has lost only a few jobs in short-time working. Coats attributes this to the £10m invested in new equipment over the last five years.

"It is only through investment that the industry can secure its future," says Mr Allan. "The companies that invest will come out of the exchange rate crisis stronger than they went in. The others will fall by the wayside."

Ostensibly the level of investment in design and automation across the industry has increased encouragingly. Yet the textile companies, with the exception of the few who have succeeded in Italy, only one of the big groups, Coleroll, has a design director on its main board - and its origins lie in wallcoverings, not in textiles.



the British industry is still not comparable with that of its European competitors. The apparently impressive improvement in productivity - 40 per cent since 1980 - is set against the lamentably low levels of the 1970s. A recent study by Werner, the management consultancy, gauged output per man hour within British cotton spinning at two thirds that in Italy or West Germany.

Moreover, the industry is still held bound by history. Some companies are struggling to compete in international markets from the "dark, stastale mills" of the 18th and 19th centuries.

Courtaulds has invested in modern machinery to turn Ashton Bros, on the outskirts of Manchester, into one of the most efficient towel plants in Europe. But Ashton is competing with the shiny new factories of the US and Portugal from an ancient mill - built on 11 different levels with 14 acres of roof.

Eventually the limitations of the building will exhaust the potential for productivity gains. Courtaulds is now

considering whether the long term returns from Ashton justify investment in a new plant.

"The days of easy productivity gains are over," says Mr Taylor of Courtaulds. "The general level of efficiency is now so much higher that it will become increasingly difficult to make improvements. Our investment decisions in the future will be much more onerous."

Even in the favourable economic environment of the mid-1980s the industry relied on productivity gains to boost profitability. It now faces a far less favourable environment at a time when the scope for easy gains has been exhausted.

In the clement climate of the mid-1980s the industry could afford to ignore its comparative weaknesses and congratulate itself on the very real advances made since the recession.

This autumn it may have to come to terms with those weaknesses when competition intensifies and the restructuring of the mid-1980s is really put to the test.

### New light on Howe

Tribal dancing has not previously been listed among Sir Geoffrey Howe's recreations. Yesterday, however, the British Foreign Secretary showed that he can bob and weave with the best of them.

Howe was welcomed at Lodwar, in Kenya's remote north-eastern province, with a vigorous display put on by ladies bedecked in multi-coloured beads, bangles, skirts and fly-whisks. Wearing (for him) an unusually conventional Foreign Secretary's kit - black, brown and tan - he was obviously left behind, grey suit, white shirt with thin pink stripes and the tie of the Commonwealth and Diplomatic Writers' Association - he joined in.

The Foreign Secretary swayed enthusiastically if not always rhythmically and every now and then tried a masai-style hop. Lady Howe looked on with a mixture of admiration and astonishment. The temperature was in the 90s. Afterward he moved his tie, but not his jacket. Some professional observers claimed that it had been a fertility dance.

Presumably Sir Howe, as some Africans tend to call him, learned the steps when he was a lieutenant with the East Africa Signals during his National Service. He always had a good memory.

### No Lady Biggs

Jane Ewart-Biggs, one of the Labour Party's assets in the House of Lords, recalls in her new book how she finally heard that her embolism had been announced. She was on holiday in the Alps and came across some English people reading the Daily Telegraph. "Look," one of them said, "they've put some new people in the House of Lords. Wonder who the old codgers

## OBSERVER

The woman read down the list and exclaimed "You'd never believe it. There they are, always chivvying that poor Ronald from pillar to post, and now they've gone and put his wife in the Lords."

It was not the first time that she was mistaken for the Mrs Biggs, wife of the great man, robber, Ronald. Most people, she notes, were disappointed to learn the truth.

Lady in the Lords was published by Weidenfeld & Nicolson yesterday.

### Jeux de France

France's Olympic team is not expected to come home from Seoul covered in medals, but the country's sporting authorities are determined to keep the French language intact.

The Ministerial Commission for Sports Terminology has produced a 200 word vocabulary to ensure that athletes and television commentators can express the Olympic spirit in correct French: "corps à corps", not "infighting", or "parrainage", not "sponsorship". "Fairplay", however, is still just about permitted, although the Commission would prefer you to say "franc-jou".

### Post profits

One company doing rather well out of the British postal strike is Strike Risks Management Ltd. Actually, that is not quite true. "We insure against risks, not certainties," said John Allan, who runs the business. A French book club which asked for cover last week was turned down because the postal strike had already started. So was a British cartoonist who relied on the mail to deliver his drawings. But what the strike has done is

### Not all Bad

Over 3,000 people were reported hurt at Michael Jackson's show at Alhambra last Sunday, and the police said that was normal for an audience that size. It numbered 125,000 and was a European record for a concert. Jackson himself has not stopped. He has gone straight to California to continue his tour.

It is exactly a year since he began his travels in Tokyo and he has now performed in front of over 3m people in Japan, Australia and Europe. About 1m saw, or glimpsed, him in the UK, paying a gross of £16.5m. On top of that, there will be the royalties from merchandise. He has a minimum of £5m, and the reputed \$15m that Pepsi Cola threw in to sponsor the tour.

Yet for Jackson, after the costs of transporting a crew of over 200, plus many tons of equipment, have been deducted, the income from touring is remaining pin money. The concerts are really designed to promote his latest album, Bad. It is still in the Top Ten in the UK charts a year after its release, with sales of over 2m, which suggests that this summer's turbulence has been worth it.

Bad has a long way to go before it matches his previous album Thriller, the best selling disc of all time with world wide sales of over 40m. Jackson takes a royalty of over £2 from every copy sold. He is said to be running out of accountants.

### Direct appeal

Sign seen in the rear window of a car being driven by a young man in Chelsea: "National Sex Week. Please give generously."

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LETTERS

High flyers prefer accountancy to industry

From Mr Nick Tarrant, Editor, The Accountant. Sir, I congratulate you on the introduction of an Accountancy column...

...firms, having traveled an enviable number of the most able minds in each generation, make it very attractive for high-flyers not to go into industry...

...to be made redundant. In theory they have unlimited personal liability (which they are seeking to shed)...

...It should therefore come as no surprise that many of the brightest people in the country occupy partners' penthouse suites rather than corporate boardrooms...

Student demand for training matches strong market demand

From Mr A.J. Colquhoun. Sir, Michael Dixon, drawing Job Column readers' attention to the number of graduates entering training with firms of chartered accountants...

...the strong market demand for qualified accountants. There is equally strong demand in the student market for training in accountancy firms...

...This is achieved at no cost to public funds, it is paid for by the firms themselves in some cases, firms are spending up to 5 per cent of their turnover on training their students and other staff...

...If business as a whole spent in proportionate terms even a small fraction of what the firms themselves in some cases, spend, we might begin to rebalance the balance...

UK telepoint is urgent

From Dr Tony Milbourn. Sir, Sir Derek Alun-Jones (Letters, September 5) and Mr Ken Macrae (Letters, September 9) make powerful points about the need for the Department of Trade and Industry (DTI) to encourage the early introduction of a UK telepoint service...

...However, the (other) Europeans are on our heels, with a commitment to standards harmonisation and implementation by the early 1990s...

...It also became apparent how difficult it was for them not to accept the civil service approach, which slowed up these innovative concepts...

Banker's basics must apply

From Mr R.A. Hammond-Chambers. Sir, Need Latin American debt be so complicated? If we return to fundamentals about borrowing and lending, surely some of the answers emerge?



...document of the dollar-gold link in 1971 drew attention to America's relative economic decline. It was rendered even more popular by the 1973 oil crisis...

...Exactly the same thing happened after we successfully obliged for television band III to be reserved for another mobile radio service...

'Innovators champ at the bit'

From Mr J.W. Taylor, Chairman, Air Call Communications. Sir, Sir Derek Alun-Jones's letter (September 5) struck many chords with us but - perhaps kindly - avoided differentiating between Government ministers and their civil servants...

...Now, innovators and businessmen champ at the bit while ministers debate and discuss. Innovation in the UK, and the speed of change that is necessary, should come from a Government long in power, and experienced in the ways of "the establishment"...

Debt payments put on 'hold'

From Mr Christopher Macgowan. Sir, Since the mail strike began we have received from our creditors 13 invoices delivered by hand or by private contractor...



Moratorium on maintenance

From Mr J. McLaughlin. Sir, Observer's distress (August 26) at the impact of the moratorium on national road maintenance, reducing the demand for motorway bollards, disguises a more serious problem...

...Back in 1985 the National Audit Office reported that the maintenance budget is now to save later (on motorway and trunk road maintenance) will incur substantial additional real costs in terms of direct expenditure...

TV advertising rates

From Mr Edmund Dell. Sir, You published a letter from me (August 4) claiming that recent information strengthened yet further the argument for Channel Four selling its own advertising time...

Analyses past and future are both contained in analysis present

From Mr Stephan Schatzmann. Sir, We must not make "over-hasty judgments" that the interest rate weapon may prove insufficient to bring down the rapid growth of domestic demand to a rate more consistent with the long-run growth in productivity...

...The moratorium - imposed in June, only two months after the original 1989-90 motorway and trunk road renewal programme was announced - has already caused contractors to lay off staff at what should be peak road maintenance season in both technical and traffic terms...

...With the present size of the public sector surplus, is there any economic sense in not maintaining our national roads adequately?

...I apologise to Professor Henry for preferring Professor Budd. Edmund Dell, 4 Reynolds Close, NW11

...comment favourably on past economic performance which it says is impressive favourably with that of most other member countries...

...Fair enough, if that is what ideology dictates, though one might be entitled to ask how such a desperate imbalance could have developed in a well managed economy anyway...

...An analysis of the latest export figures shows positive signs that investment is bearing fruit in increased sales abroad...

...The dramatic rise in productivity, combined with strong industrial investment, should permit a faster annual rate of growth than the recent...

...The Review does indeed...

...The Review does indeed...

FOREIGN AFFAIRS

Reverting to a pre-war world

Edward Mortimer looks at changes in the superpowers' grip on global affairs

"Multipolarity" is the flavour of the month, if not of the decade. We live, or are about to live, in a "multipolar" world, as opposed to the "bipolar" one we have lived since 1945...

...out recovering the unchallengeable position it enjoyed when it had a nuclear or even an ICBM monopoly, and that the Soviet Union, realising that by virtually all indicators it is falling further and further behind the US, has trimmed down its external commitments...

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...to leave the other a free hand, and where both may need to be militarily involved, not so much against each other as in attempts to control local powers which threaten stability by pursuing local conflicts in an area of such great strategic sensitivity...

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Giving someone a Cross pen isn't necessarily a sign that you love them. True, many are given as very personal gifts. But a Cross writing instrument can also express more businesslike sentiments. It can say "thank you for your efforts" Not every Cross comes with a kiss. Every component is machined to an accuracy of one thousandth of an inch. The result is a writing instrument of unrivalled precision and a possession to treasure for a lifetime. Indeed, it is backed by a lifetime mechanical guarantee. And when a Cross pen incorporates your company's logo, you can be sure it will always be remembered as a gift from you. Your logo can be reproduced faithfully either in enamel, in up to six colours or die-struck in a special PP jewellery finish. For more information, telephone our Business Gift Department on 0582 422793 or write to us at the address below. We will send you our Business Gift Pack, not with a kiss, but the promise of some CROSS thing far more enduring, SINCE 1846. Model shown: 14 carat rolled gold ballpoint. For details of the full Cross range and a business gifts pack write to A.T. Cross (UK) Ltd, Concord House, Concord Street, Luton, Beds LU2 0JD. Tel: (0582) 422793. THE logo depicted is that of Trusthouse Forte Airport Services.



## Papandreu stays at the helm

The Greek premier defies ill health, writes Andriana Ierodiaconou

**M**R Andreas Papandreu, Greece's Prime Minister since 1981, is a politician who specialises in unexpected moves which seldom fail to catch his opponents on the wrong foot.

At the end of August, however, the unexpected caught up with him, in the form of a sudden illness which resulted in his being hustled off to London for medical tests that revealed the need for a heart valve replacement operation.

That abrupt departure has brought into stark focus what Mr Papandreu's supporters and the country at large have always known: that he effectively embodies both the Socialist Government and the Socialist party (Pasok) which he founded 14 years ago.

In a short television broadcast from hospital at the end of last week, Mr Papandreu moved to quash persistent press speculation that his medical problems will prompt his retirement and transform the Greek political stage.

Looking considerably thinner, but speaking clearly, he expressed confidence to Greek viewers that he would soon return to the "immediate service" of his country. Officials in Athens have stressed the Socialist leader's determination to remain at the helm, and say he continues to direct the administration by remote control from London.

Secondary ailments have delayed his heart operation, but he is said to be recovering from these and the latest word is that the eminent physician Dr Magli Yacoub hopes to perform the necessary surgery by the end of the week.

Some press reports on his condition have been dismissed



Andreas Papandreu: confident about return to political life

by a government spokesman as "pseudo-guesswork bordering on the ridiculous".

State television has assiduously advertised Mr Papandreu's London work schedule, involving frequent telephone consultations with ministers. The Justice Ministry has overruled claims that the appointment of a prime ministerial deputy is required under the Greek constitution.

Barring unforeseen medical complications at Harefield Hospital, most independent observers believe that Mr Papandreu will return to lead Pasok in the next general elections, which must be held by next June. After that, however, any prediction is risky.

Many observers here believe that in the event of Mr Papandreu quitting political life, Pasok would run a serious risk of being defeated at the polls by the conservative opposition.

However, the Prime Minister's illness has effectively put

an end to speculation of early elections before the end of this year, an option he is thought to have been considering before now.

Mr Papandreu's illness does not seem to have altered the foreign policy course on which he had been steering his administration single-handedly: the rapprochement with Turkey, and the negotiation of a new agreement on the operation of the US bases in Greece.

The talks with Turkey have effectively been put on the back-burner by the Athens government, with progress now predicted on developments in Cyprus, where United Nations-sponsored peace talks began on September 15.

Mr Papandreu's presence could, at best, be only one among a number of factors affecting relations with Turkey: if the Cyprus talks go well, then any Greek politician, including Mr Papandreu, will be able to handle the rap-

## UK postal workers vote on whether to end strike

**By Charles Leadbeater, Labour Correspondent**

**BRITAIN'S** striking postal workers will today start voting on whether to end the country's first national postal strike for 17 years, after Union of Communication Workers' leaders yesterday unanimously recommended a deal to settle the dispute.

The strike, which has created a backlog of about 150m undelivered letters, was sparked off by the payment of special supplements to workers in the south-east of England, where the Post Office has found recruitment difficult. The union argued that the payments undermined nationally agreed wage structures.

Mr Alan Tuffin, the UCU's general secretary, said he expected most of not all the more than 100,000 staff on strike to return to work by Thursday, following branch meetings over the next 24 hours. The union has recommended branches start urgent negotiations with management for a return to work.

Mr Tuffin said he was confident that the deal, which the union's 35-strong executive council endorsed after a 4 1/2 hour meeting, would be accepted even by militant branches in Liverpool, London and Manchester. About 40,000 postal staff, mainly at smaller sorting offices, have worked throughout the dispute.

Sir Bryan Nicholson, the Post Office's chairman and chief executive, in a letter to Mr Tuffin, stated that the 12 day strike had affected the corporation's competitive position. The parcels business in particular faced major threats of loss of contracts, he said.

Sir Bryan said it was essential that there was an orderly return to work to repair the damage done to customer confidence in the corporation. It is expected the first postal deliveries will be made by day after staff return to work. Initially the Post Office plans to make only one delivery a day. Postal services are expected to return to normal after about two weeks.

Both sides argued the agreement contained significant concessions from the other.

Mr Tuffin, said the deal was a "success if not a victory for the union." Mr Bill Cockburn, the Royal Mail's managing director, said the agreement was good for the corporation because it allowed it to deal with the issue at the core of the dispute, the difficulties it faces in recruiting and retaining staff in the south-east of England.

The agreement, which was drawn up after more than a week of talks between small negotiating teams, covered two main areas: The Post Office's decision to pay special recruitment supplements in the south-east, and arrangements to clear the backlog of mail.

The Post Office will continue to pay special pay supplements to recruits at selected offices in the south-east, which have been hit by high staff turnover.

However, the Post Office has agreed that these supplements will be replaced, once an alternative system has been drawn up by negotiations which are expected to begin within the next weeks.

The Post Office said the union's agreement that the special supplements should continue to be paid was a significant concession.

But Mr Tuffin said the key point was that the corporation had agreed that the negotiations to draw up an alternative should start with a blank sheet. He said any alternative would be within "national rates of pay."

The second part of the agreement covers arrangements to allow an orderly return to work to clear the backlog of mail. The strike escalated over the last 10 days, through a series of local disputes over arrangements to clear the backlog.

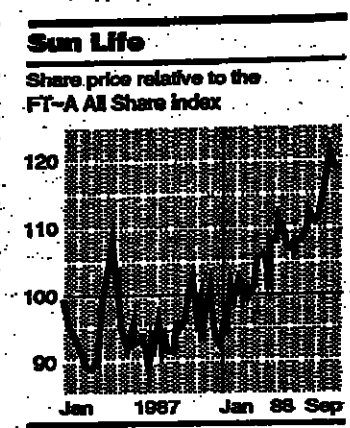
## French windows open for the Sun

Anyone who would like to buy Sun Life had better hurry up. Never mind 1992 and profits to be made from selling insurance to financially naive Continentals, the immediate consequence of yesterday's long-awaited move into Europe is that it will make Sun Life considerably harder to bid for. The initial 60p fall in the share price yesterday showed what the arbs think of friendly UAP as a new 20 per cent shareholder; the subsequent recovery was as they realised that the game is not yet over.

In the next couple of weeks the two big shareholders opposed to the deal must decide whether to put up or shut up; and for Transatlantic - which has had seven years in which to bid - the latter seems more likely. Groupe AG can have little interest in retaining its stake in a company now linked with its chief rival, Macmillan; and indeed, given the involvement of Kohlberg Kravis, some kind of break-up could well be on the cards. But he may have misjudged in making his pitch for the information part of the business rather than the banking division, since that seems to be the bit which the management want to retain as well.

If Mr Maxwell does indeed depart empty handed, he will have the more reason to regret publishing his grand plan for vastly increased sales by USM. He is not to miss his target significantly, he risks being seen as a forced buyer in future acquisition plans. Using Maxwell paper is now presumably out of the question, if only because the 10 per cent yield makes it too expensive to issue. It has yet to be seriously suggested that Mr Maxwell should take himself private again, but the temptation must surely be there.

But though this should serve the aim of smooth earnings growth, rather than the cyclical swings of the old days, the growth is slow in coming. The full year figures reported yesterday were held back by disposals and currency translation, but in the context of the current results season an 8 per cent rise in full year pre-tax profits and earnings per share can only be described as dull. But with bid surges now out of the way, Dalgety's attractions lie mainly in a prospective yield of over 7 per cent.



### Allied Irish Banks

There are not many banks around the world that have a bigger appetite for equity capital than the UK clearer, but the Irish banks are an exception. The Bank of Ireland has three rights issues in four years, and yesterday Allied Irish Banks launched its second rights issue in two years in order to pay for the rest of First Maryland Bancorp. With an eye on some of Allied Irish's previous diversification moves - most notably the ill-fated investment in the Insurance Corporation of Ireland - shareholders would probably have been better served if the bank had decided to cash in its handsome profit on what must be one of the most successful foreign investments in the US banking industry.

However, in a stock market where domestic financial institutions are forced by exchange controls to reinvest the bulk of their cash flow at home, it is easy to make a convincing case why Allied Irish is correct in more than tripling its investment in one of the world's most competitive banking markets. An average price of 1.3 times book value looks cheap, by comparison with the 2.2 times Bank of Ireland paid for First NH Bank, and with over half its balance sheet located outside of Ireland, the debilitating impact of any future bank levies should be greatly reduced.

Nevertheless, a substantial part of the rights issue will go towards repaying the impact of goodwill on the group's capital ratios, and the record to date suggests that shareholders in US regional banks that have been taken over have done far better than shareholders in the survivors. All of this helps explain why the big two Irish banks have significantly underperformed the local stockmarket this year and deserve to yield close to twice the average.

## Go-ahead for European superchip project

**By Terry Dodsworth in Paris**

PLANS for the launch of a new multi-billion dollar European semiconductor research and development initiative are likely to be unveiled over the next two months after a year of intensive discussion among the main potential partners.

Progress on the project, known as the Joint European Silicon Initiative (Jesi), was indicated yesterday by Mr Pasquale Pistorio, President of SGS-Thomson (ST), the joint company formed by SGS of Italy and Thomson semiconductors of France last year.

ST, he said, would be one of the three leading partners in the programme, alongside Siemens of West Germany and Philips of the Netherlands.

Mr Pistorio's statement will clean up lingering doubts about the formation of Jesi following heated disagreements last year about the participation of ST.

At that time, there were suggestions that the newly formed ST would not be invited to participate in the joint venture on the same basis as its main European competitors. But Mr Pistorio made it clear yesterday that ST, now the second largest European semiconductor company after Philips, had won the right to equal status in the key areas of Jesi's activity.

Jesi is being created with the aim of developing the basic technology for the superchips now being planned for the late 1990s, a field in which European companies lag well behind their Japanese and US competitors.

A further competitive challenge is also expected to come from the US Sematech project, a joint government-industry semiconductor research programme which will have funding of about \$2bn.

Details of Jesi, which is likely to demand similar funding to Sematech, are still vague. But participants have said that it will be pan-European in scope, including many user and producer groups spread around the region, and that it may attract funding from the European Community as well as individual governments and companies. Initially it was not an European Community project, but Community officials have had talks with the proposed participants over the last few months.

Mr Pistorio, who was speaking in Paris yesterday only a year after the formation of ST, said that the company made a slight operating profit of about \$500,000 in the second quarter of this year. In the year as a whole, ST is likely to make a net loss after restructuring costs, of about \$50m.

## Paris Club seeks accord on African debt

**By Stephen Fidler, Euromarkets Correspondent, in London**

THE Paris Club of official lenders from industrialised countries meets on Thursday in an attempt to overcome the remaining obstacles to a debt initiative to help the poorest African countries.

The initiative, which combines plans originally put forward by Mr Nigel Lawson, the UK Chancellor of the Exchequer, French President Francois Mitterrand and others, calls for debt concessions for those poor African states which are making efforts at economic adjustment with the help of the International Monetary Fund.

Western governments, rather than banks, are the largest lenders to many of these countries, and a total of \$15bn of export credits is said to be affected, although the costs to the exchequers of the Western governments will be only a fraction of this figure.

The proposed formula would give creditor countries the

### Moscow urges business reform

Continued from Page 1  
analysis in the Council of Ministers than has been the case in previous years. Both Gosplan and Gossnab, the state planning and supply organisations, have now been ordered to go away and redraft their proposals to take account of the criticism.

The difficulties in the debate nonetheless underline the problems in introducing economic reforms which are only half worked out. In particular, the introduction of self-financing while central state purchasing at fixed prices maintains a stranglehold on enterprises is proving to be a major stumbling block.

### Brzezinski to join Bush task force

Continued from Page 1  
Mr Dukakis hit back yesterday in Philadelphia during the first of foreign policy speeches, having been thrown onto the defensive by efforts to present him as a liberal who lacks foreign policy expertise and innuendo from the Bush campaign impugning his patriotism.

Mr Dukakis sought to focus attention on economic strength as a component of national security which the Reagan Administration has neglected. Because of massive budget deficits, he said, the Reagan Administration "has yielded control of America's economic future to bankers in Tokyo and Bonn."

He accused Mr Bush of failing in the areas of trade, terrorism and drug policy.

Reviving the "Where was George?" line which Senator Edward Kennedy used so effectively to riddle Bush during the Democrat's Convention in Atlanta in July, Mr Dukakis said that Mr George Shultz, the US Secretary of State, sought to prevent President Reagan from trading arms for hostages with Iran.

Mr Bush claims to have been "out of the loop," Mr Dukakis said. "The fact is he was fully briefed...and he was disinterested and completely and unconvincingly wrong."

Mr Bush's experienced team of campaign advisers have succeeded recently to dominate the television news, setting the campaign agenda and snuffing out potential embarrassments quickly.

Another example of the Bush team's quick response to trouble came on Sunday evening following a report in the Washington Post that morning about Mr Fred Malek, the man Mr Bush appointed to manage the Republican Convention and appointed Deputy Chairman of the Republican Party.

It reported that at President Nixon's request in 1971, Mr Malek compiled a list of Jewish senior officials in the Labour Department.

## Drop in crude drags down gold price

Continued from Page 1  
downward trend with cargoes for November delivery quoted at \$13.75 by midday, 30 cents below Friday's closing price.

Expectations that oil prices would remain weak and might fall further encouraged gold market traders to believe that inflationary pressures were easing. Gold prices were marked down sharply to \$416.50 in early trading and ended the day at \$419.75 in London.

Mr Robert Weinberg, metals analyst for James Capel, the London broker, said oil prices weakness had been the immediate cause of gold's fall although belief that the US dollar was firmer after a long decline was the main reason.

Mr Mahdi Vazri, oil analyst for Kleinwort Greaveson, said that in August Saudi Arabia was producing about 350,000 barrels a day (b/d) over the 4.33m bid quota it agreed with Organisation of Petroleum Exporting Countries members.

The United Arab Emirates is thought to be producing about 1.65m b/d, or almost double its quota while Kuwait is also over its quota level at around 1.5m to 1.6m b/d.

Mr Vazri believes Saudi Arabia and its allies may be trying to put pressure on other Opec members, particularly Iraq, in advance of the next full meeting of the cartel planned for November 21.

According to the Middle East Economic Survey yesterday, Saudi Arabia has opposed any ministerial gathering before then. This would reduce the chance that Opec's price monitoring committee would meet this month.

## UK postal workers vote on whether to end strike

**By Charles Leadbeater, Labour Correspondent**

**BRITAIN'S** striking postal workers will today start voting on whether to end the country's first national postal strike for 17 years, after Union of Communication Workers' leaders yesterday unanimously recommended a deal to settle the dispute.

The strike, which has created a backlog of about 150m undelivered letters, was sparked off by the payment of special supplements to workers in the south-east of England, where the Post Office has found recruitment difficult. The union argued that the payments undermined nationally agreed wage structures.

Mr Alan Tuffin, the UCU's general secretary, said he expected most of not all the more than 100,000 staff on strike to return to work by Thursday, following branch meetings over the next 24 hours. The union has recommended branches start urgent negotiations with management for a return to work.

Mr Tuffin said he was confident that the deal, which the union's 35-strong executive council endorsed after a 4 1/2 hour meeting, would be accepted even by militant branches in Liverpool, London and Manchester. About 40,000 postal staff, mainly at smaller sorting offices, have worked throughout the dispute.

Sir Bryan Nicholson, the Post Office's chairman and chief executive, in a letter to Mr Tuffin, stated that the 12 day strike had affected the corporation's competitive position. The parcels business in particular faced major threats of loss of contracts, he said.

Sir Bryan said it was essential that there was an orderly return to work to repair the damage done to customer confidence in the corporation. It is expected the first postal deliveries will be made by day after staff return to work. Initially the Post Office plans to make only one delivery a day. Postal services are expected to return to normal after about two weeks.

Both sides argued the agreement contained significant concessions from the other.

Mr Tuffin, said the deal was a "success if not a victory for the union." Mr Bill Cockburn, the Royal Mail's managing director, said the agreement was good for the corporation because it allowed it to deal with the issue at the core of the dispute, the difficulties it faces in recruiting and retaining staff in the south-east of England.

The agreement, which was drawn up after more than a week of talks between small negotiating teams, covered two main areas: The Post Office's decision to pay special recruitment supplements in the south-east, and arrangements to clear the backlog of mail.

The Post Office will continue to pay special pay supplements to recruits at selected offices in the south-east, which have been hit by high staff turnover.

However, the Post Office has agreed that these supplements will be replaced, once an alternative system has been drawn up by negotiations which are expected to begin within the next weeks.

The Post Office said the union's agreement that the special supplements should continue to be paid was a significant concession.

But Mr Tuffin said the key point was that the corporation had agreed that the negotiations to draw up an alternative should start with a blank sheet. He said any alternative would be within "national rates of pay."

The second part of the agreement covers arrangements to allow an orderly return to work to clear the backlog of mail. The strike escalated over the last 10 days, through a series of local disputes over arrangements to clear the backlog.

WORLD WEATHER											
City	Temp	Wind	City	Temp	Wind	City	Temp	Wind	City	Temp	Wind
Algeria	24	S	Osaka	17	F	Osaka	17	F	Osaka	17	F
Amsterdam	16	S	Paris	16	S	Paris	16	S	Paris	16	S
Atlanta	30	S	London	15	S	London	15	S	London	15	S
Bahia	28	S	New York	14	S	New York	14	S	New York	14	S
Bangkok	31	S	San Francisco	13	S	San Francisco	13	S	San Francisco	13	S
Bombay	32	S	Singapore	28	S	Singapore	28	S	Singapore	28	S
Buenos Aires	20	S	Tokyo	18	S	Tokyo	18	S	Tokyo	18	S
Calcutta	30	S	Washington	12	S	Washington	12	S	Washington	12	S
Cairo	26	S	Wellington	10	S	Wellington	10	S	Wellington	10	S
Canton	28	S	Yokohama	16	S	Yokohama	16	S	Yokohama	16	S
Cebu	30	S	London	15	S	London	15	S	London	15	S
Colon	28	S	London	15	S	London	15	S	London	15	S
Dacca	30	S	London	15	S	London	15	S	London	15	S
Daham	30	S	London	15	S	London	15	S	London	15	S
Darwin	28	S	London	15	S	London	15	S	London	15	S
Davao	30	S	London	15	S	London	15	S	London	15	S
Delhi	30	S	London	15	S	London	15	S	London	15	S
Doha	30	S	London	15	S	London	15	S	London	15	S
Dublin	14	S	London	15	S	London	15	S	London	15	S

Continued from Page 1  
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### NEWS REVIEW

#### BUSINESS

##### Bloodhound for Dynamics

Ferranti International Dynamics, the new missile systems company created following the merger of Ferranti and International Signal & Control Group, has been assigned responsibility for all Ferranti international missiles and ground control activities on the Bloodhound guided missile system.

The Bloodhound surface-to-air missile is a key element in Britain's defence. The system has been in service with the Royal Air Force for over a quarter of a century. It is currently being upgraded and is expected to remain operational for at least another decade.

##### Radar progress

Development of the Ferranti Blue Keel radar for the Royal Navy's maritime version of the Anglo-Italian EH101 helicopter, continues to make good progress. Two development ('B') models are currently about to be delivered to Westland Helicopters, Yeovil. One has been assigned to the Merlin's avionics ground rig and the second will be installed in a Westland Sea King test bed for avionics integration flight trials.

Briefly...

Ferranti Defence Systems continues to build its capability in airborne surveillance and targeting systems with the introduction of 'Attack', a complete weapon system for anti-armour helicopters. Seaspray Mk3 radars, manufactured by Ferranti Defence Systems, have been specified for installation on Westland Lynx helicopters contracted by the South Korean Navy.

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INSIDE

Bronze medal up for grabs

First and second place in the race for the European credit ratings business have already been awarded. But there is much uncertainty over who will win the bronze medal as competitors face an uphill struggle and years of uncertainty in a rapidly changing market.

French bank on more change

The French Socialist government will make another significant change at the top of one of the country's most important state-controlled financial institutions tomorrow with the appointment of Mr Jean-Yves Haberer, the former head of the Paribas banking group, to the chairmanship of Crédit Lyonnais.

Norway market chills

Unable to recover the lofty pre-October crash heights, the Oslo stock market is plagued by a lack of long-term shareholder commitment, competition from high yielding bonds and a sore lack of liquidity.

Australian unease over wheat

Australia is to phase out credit sales of wheat to Egypt because of concern over its \$1.5bn (\$800m) exposure to the Egyptian market.

Dalgoty profits from the core

Dalgoty, the UK food, agribusiness and commodity group, has reported a 10 per cent increase in its core profits for the year to £99.6m (\$169m).

Armtek agrees to takeover

US automotive components group Armtek has agreed to a \$450m takeover offer only months after selling its Armstrong tyre subsidiary to Pirelli, the Italian tyre maker.

Market Statistics

Table with 2 columns: Index Name and Value. Includes London share index, FT-100, etc.

Companies in this section

Table listing various companies and their share prices, such as ASD, AmBrit International, etc.

Chief price changes yesterday

Table showing price changes for various companies like BHP, Anglo, etc.

UAP and Sun Life link with shareholdings exchange

By George Graham in Paris and Richard Waters in London

UNION des Assurances de Paris (UAP), the largest French insurance company, and Sun Life Assurance of the UK yesterday announced that they had agreed to exchange shareholdings and co-operate on their future international development.

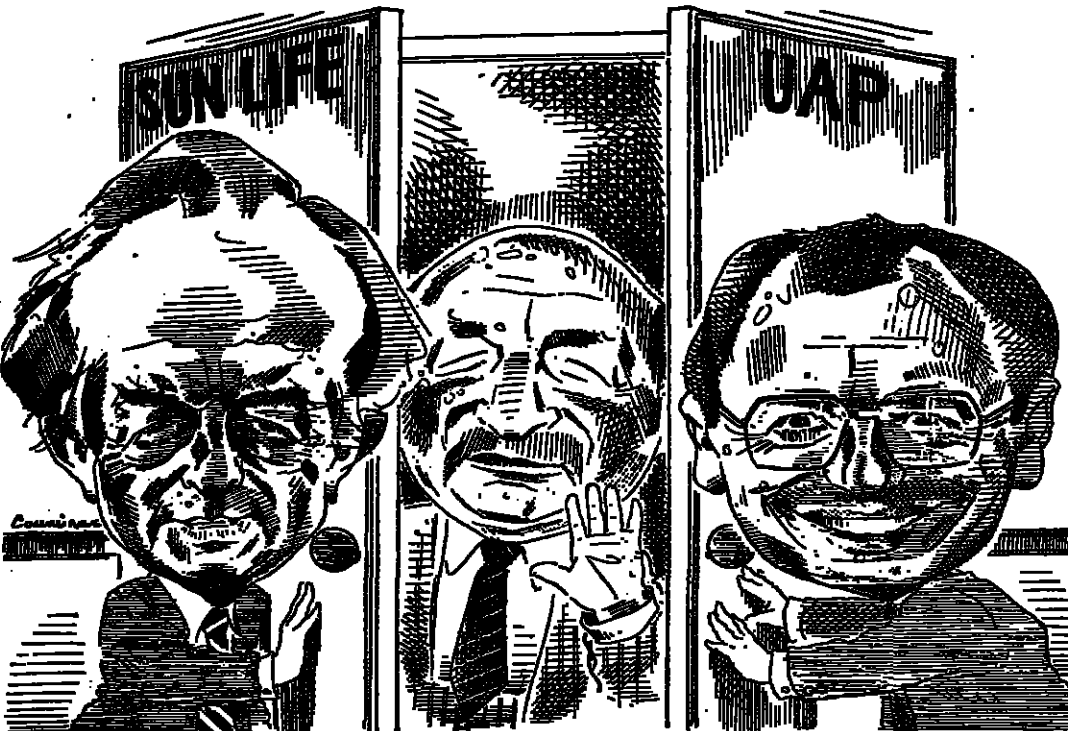
The agreement is UAP's second major international deal in the past 18 months, following the acquisition in April 1987 of a 31.1 per cent stake in Royale Belge, the largest Belgian insurance group, for an estimated FF2.5bn.

Although the UAP deal, if approved at an emergency general meeting on September 29, would reduce TransAtlantic's holding in Sun Life to around 22 per cent, both Mr Grant and Mr Donald Gordon, chairman of Liberty Life, said that the minority stake would still wield considerable power.

New lease of life from entente cordiale

George Graham explains how Sun and UAP will benefit from their cross-border tie-up

UNION des Assurances de Paris (UAP), the leading French state-owned insurance company, succeeded yesterday when the private sector Groupe Victoire failed only a month ago.



For Peter Grant of Sun Life his link with UAP's Jean Peyrelevalde could help shut out Liberty Life, headed by Donald Gordon

Unlike Victoire, which was unable to reach an agreement with Royal Insurance, UAP has completed its negotiations for a tie-up with Sun Life, the UK life insurer. The two groups will exchange shareholdings and plan to co-operate on their international development.

For UAP, whose first major expansion outside France was last year's acquisition of 30 per cent of Royale Belge, the leading Belgian insurance group, Sun Life represents a substantial foothold in the UK, probably the most developed market in the European Community as far as life assurance is concerned. UAP also has subsidiaries in most other EC countries.

As regards Sun Life, the deal offers a way into Europe for a company which has been almost completely restricted to the UK. It may also shut the door on Mr Donald Gordon and his South African Liberty Life group, which through its subsidiary, TransAtlantic, holds 26 per cent of Sun Life and has long been seeking a greater say in its affairs.

For French insurance groups, it was Compagnie du Midi, the French private sector group headed by Mr Bernard Pagny, which showed the way across the Channel last year with the costly \$448m (\$760m) purchase of the UK life company Equity and Law. Like UAP yesterday, Midi emphasised that it wanted to learn from its British associate's expertise in the life sector.

The French buy only just over half as much life insurance per capita as the British, and the sector has been a primary goal for France's insurance groups in recent years. It has also, however, received heavy attention from banks, selling life products at marginal cost through their branch networks.

In addition, the French insurance sector has developed in recent months a more pressing preoccupation: the desire to grow in order to be able to face with equanimity the opening of the

internal European market in services.

Once again, it was Midi which showed the way by merging earlier this year with Mr Claude Bebear's AXA group of mutual and quoted insurance companies, creating France's second largest insurance conglomerate.

Now, even larger regroupings are being discussed at the Paris finance ministry. Besides merger of Assurances Generales de France (AGF) and Groupe des Assurances Nationales (GAN), the second and third largest nationalised insurers, a plan has been mooted for combining UAP with Banque Nationale de Paris (BNP), the largest French state bank, in a sort of financial super-market.

The AGF-GAN project now appears to be losing headway. Although initially welcomed at AGF, the suggestion was coolly received at GAN, which has been building its own network of alliances, both with other insurers

abroad - including a recent agreement with UAI of Italy and in France with the CIC bank network.

The UAP-BNP plan was enthusiastically promoted by Mr Jean Dromer, chairman of UAP until he was sacked two months ago by the new Socialist government. His successor, Mr Jean Peyrelevalde, has taken up Mr Dromer's project for the link with Sun Life, but appears less wholehearted about a merger with BNP.

"We have to resolve the question of our relationship with the banks and their branch networks. Should we treat the banks as our competitors and engage in all-out battle, or should we seek alliances? And if we seek alliances, should they be structural or something looser, sector by sector or opportunity by opportunity?" Mr Peyrelevalde said yesterday.

Mr Pagny and Mr Bebear were never wholly convincing in their explanations of the need to reach

escape the attentions of an unwelcome shareholder, Generali, the Italian insurance group.

The same motive applies to the UAP link with Sun Life. Although UAP, which is no longer scheduled to be privatised, appears to be safe from hostile bidders, Sun Life has for years been seeking to evade the embrace of Mr Gordon and Liberty Life.

But Liberty Life was not the only cloud on Sun Life's horizon. Over the summer, Assurances Generales (AG), the second largest Belgian insurer and rival of UAP's principal foreign holding, Royale Belge, acquired shares in the UK company, and now holds over 5 per cent.

"I believe they would like an agreement with us, or rather they would like us to have an agreement with them instead of with UAP, but AG could not offer us the same thing at all," said Mr Grant.

Although Mr Gordon last year blocked Sun Life's attempt to create a new holding company structure, which required the vote of a qualified majority of shareholders, the capital increase needed to complete the UAP deal needs only a straightforward majority. Sun Life's chairman is confident the motion will be carried.

It remains to be seen what form UAP's co-operation with Sun Life will take. Mr Peyrelevalde admitted yesterday that the idea of "shareholder of reference" tends to have less force in London than on the Continent, but said that the two groups would treat each other as the first choice of partner for developments on their domestic markets and in Europe.

Nothing concrete appears to have been discussed yet, but the two groups indicated that joint ventures in southern Europe could come top of the list. "If you hear of any insurance companies in Spain or Italy which want a strong shareholder, let us know," Mr Peyrelevalde quipped.

Tie-break call in Donnay match

By Tim Dickson in Brussels

DONNAY, Belgium's bankrupt tennis racket maker, was last night the subject of an unexpected drawn-out legal "tie-break" after a further shifting of alliances between the parties bidding for the sports group.

A local tribunal in the southern Belgian town of Dinant - called to examine the actions of the company's receivers - yesterday heard submissions from at least five rival groups but gave no indication of which bid it is likely to favour.

The court will meet again this morning but, according to one well-placed observer, there is no guarantee that the battle will be decided today.

Yesterday was marked by the collapse of a short-lived agree-

ment late last week between Mr Rene Tapie, the French entrepreneur and would be Socialist politician, and his fellow countryman and financier Mr Jean Jacques Frey.

Mr Frey's original plans to rescue the company (independent of Mr Tapie) were surprisingly changed last week involving an agreement with the Frenchman's consortium.

Mr De Puydt re-emerged in a new grouping led by Mr Tapie and supported by Mr Tapie's original partners, the Walloon Regional Government and Belgian businessman Mr Albert Frere.

A spokesman for the Walloon Regional Government confirmed last night that this consortium had re-submitted its revised project of last week involving an offer of BFr300m (\$5.17m) and the promise to maintain 200 of the company's 350 jobs at its Couvin headquarters.

Other projects were submitted in court by Taiwanese, Dutch, and Italian companies.

Donnay, which shot to fame in the late 1970s on the back of contracts with the Swedish tennis star Bjorn Borg, was declared bankrupt on August 19 with net liabilities of BFr1.4bn.

Côte d'Or to invest BFr3bn

By Tim Dickson in Brussels

JACOBS Suchard, the big Swiss confectionery group, and Côte d'Or, its 65 per cent owned subsidiary, yesterday split out a series of measures aimed at preparing their Belgian operations for the competitive challenges of a single European market.

The bitter/sweet package - involving new investment of more than BFr3bn (\$7.4m) over the next two years and a 13 per cent cut in the workforce of more than 2,000 people - is aimed at expanding the group's export volumes by 50 per cent between now and 1992 and "significantly" increasing its 36 per cent share of the Belgian market.

dominant chocolate maker in Belgium. However, according to Mr Baudouin Michiels, the president, it faces formidable competition on a European scale.

At yesterday's press conference he showed a list of the 15-20 independent Belgian chocolate businesses that existed in 1980 (among them Victoria and Menzies) and explained how most had either disappeared or been swallowed up by larger competitors.

The announcement of the new plans, which Mr Michiels insisted were "more than just a defensive project," may be remembered by many as marking the start of the group's "progressive disengagement" from its famous industrial site near the Gare du Midi in Brussels.

The company said that the centre factory could not be pro-

gramme. The Jacobs Suchard/Côte d'Or operation in Belgium enjoyed a 75 to 80 per cent increase in operating profits last year thanks to the fall in the cocoa price, less competition and increased consumption.

Allied Irish moves for full control of First Maryland

By David Lascelles, Banking Editor in London

ALLIED Irish Banks is offering to buy full control of First Maryland, its US banking affiliate, and will make a rights issue to raise \$1R10m (\$160m).

Allied owns 49.7 per cent of First Maryland, which it acquired in 1983 for \$150m. The move to 100 per cent will cost \$340m.

The offer at \$35.35 a share is being considered by First Maryland's board. The acquisition will be financed out of readily available foreign currency.

Mr Niall Crowley, Allied's chairman, said yesterday that his bank had concluded that the long-term interests of both banks, as they face the challenges of rapidly developing financial markets in Europe and the US, would best be served by combining their resources.

Last year, Allied delayed exercising its right to increase its shareholding in First Maryland in order to protect the US bank's ability to form strategic alliances with local banks across state lines.

However, Allied now believes full ownership would bring the greatest benefits. Allied's investment in First Maryland, based outside Washington DC, is widely viewed as one of the more successful ventures into the US market by a European bank. Since then, Bank of Ireland, Allied's main competitor, has also bought a bank in the eastern US.

Allied's rights issue will be on a two-for-seven basis at IR180p, representing a discount of 41 per cent to the market price at the close last week.

If the First Maryland deal does not go through, Allied will use the proceeds to develop its business in other ways. In connection with the issue, Allied forecast yesterday that it would earn at least \$1R70m in the six months ending September 30, an increase of at least 21.5 per cent on the comparable figure for last year, before tax and exceptional provisions for Third World debts.

The board also expects to declare an interim dividend of IR5.75p, up from IR5.25p, for which the new shares will not qualify.

It forecasts a final dividend of IR7p, which represents an increase of about 10 per cent once the bonus element of the rights issue is taken into account.

The board of First Maryland said it had appointed a special committee to "examine the offer carefully and expeditiously." First Maryland shares rose 35 1/2 to 33 3/4 when trading opened. Lex, Page 22

WASHINGTON



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## INTERNATIONAL COMPANIES AND FINANCE

## Armtek agrees takeover after Mark IV lifts offer

By Roderick Oram in New York

ARMTEK, the US automotive components group, has agreed to a \$450m takeover offer only months after selling its Armstrong tyre subsidiary to Pirelli, the Italian tyre maker.

The Connecticut-based company approved a \$46 a share offer from Mark IV Industries, a highly acquisitive Buffalo, New York, holding company, which had initially bid \$40.

Armtek's shares slipped 4% to \$45 1/2 in early trading yesterday.

The sale in May of Armtek's tyre operations for \$197m was part of a wave of foreign takeovers and consolidations in the US industry.

Most notably, Bridgestone of

Japan edged out Pirelli to buy Firestone. Seeking a consolidation, Pirelli revived with Armstrong takeover talks which had foundered last autumn.

Following the spin-off, Armtek was left with three businesses generating about \$60m a year in revenues but offering faster growth rates and higher margins than tyre making. Blackstone produces car and truck engine cooling systems and Dayco Products makes automotive and industrial belts, hoses and couplings.

A third company makes specialty polymers and synthetic rubbers.

Blackstone's European operations, based in Sweden,

supply cooling systems to leading car makers such as BMW, Fiat and Renault. At home, it recently won a \$350m, five-year order from Chrysler.

Mark IV, which has boosted annual sales from \$20m to \$400m in the past 10 years, produces products ranging from professional audio and information equipment to aerospace and defence goods.

Although analysts generally favoured the takeover of Armtek, they were concerned about the resulting extra debt load of Mark IV, which is already heavily indebted. Both companies share a management philosophy of giving subsidiaries a high degree of autonomy.

## Recovery at Fluor on course after strong gains

By Max Wilkinson, Resources Editor

FLUOR Corporation, the diversified US engineering and construction company, continued its recovery in the third quarter, posting net profits of \$13.4m on revenues of \$1.34bn against a loss of \$27.5m on revenues of \$909.2m a year earlier.

The latest figures show that net profit for the first nine months of the 1988 financial year were \$32.5m, compared with a loss of \$115.5m in the same period last year.

The improvement follows a big restructuring last year in which the company consolidated its natural resources assets, selling some and using the cash to reduce debts.

In London yesterday, Mr David Tappan, chairman and chief executive officer, said the restructuring was complete.

He said the improved performance reflected better results from the engineering and construction division, which is easily the largest, and from coal mining and lead production.

Mr Tappan said an effort was now needed to rebuild the company's operations outside the US, particularly in Europe following a sharp fall in European revenues last year.

He added that with a fast-growing order book and improved profitability, the group was confident it would succeed in raising profits to about the \$160m reached in 1981. The focus of the company would be on the wider capabilities of the engineering and construction services.

"Previously, we were only in a position to compete for about 10 per cent of the work available in the sector. Now we have the capability of competing for about 100 per cent, though not the resources to do so. It will be a question of finding the right opportunities."

The company said yesterday that it had won new engineering and construction contracts worth \$1.5bn in the third quarter, more than twice the amount in the same period a year ago.

Projects outside the US accounted for 23 per cent of total awards.

## Panama profits from adversity

Tim Coone reports on an unlikely source of economic salvation

Politicians and economists alike are mystified by Panama's ability to survive - and even stage a slight recovery - in spite of bank closures, a haemorrhage of offshore funds and a drop of 50 per cent in government revenues.

The paradoxical conclusion, however, seems to be that the very closure of the banks has been the economy's salvation.

Panama's political crisis began in June last year. But the economy took its first deep plunge in March following the clash between General Antonio Noriega and President Arturo Delvalle, which resulted in the dismissal of the latter.

US economic sanctions followed, and \$80m in Panamanian government assets held by the National Bank of Panama (BNP) in the US were frozen.

This immediately produced a run on the 115 banks in Panama's hitherto booming financial centre, as the BNP was the main clearing bank for the entire banking system.

To avert disaster, the banks and the Banking Commission quickly agreed to close the centre and freeze deposits until means could be found to stabilise the system and ease the liquidity crisis. The closure lasted 68 days, during which time US dollar notes - the money of circulation - almost disappeared from the economy.

Latest Banking Commission figures show the freeze succeeded in retaining 70 per cent of local deposits in the system, but offshore deposits vanished.

Between January and the end of March this year, total deposits in Panama's financial

centre shrank from \$22.9bn to \$13.7bn, while offshore deposits plummeted from \$38.4bn to \$10.5bn.

Seventy five per cent of the offshore funds were interbank deposits, which in turn were loaned to companies and governments in Latin America.

The loans were booked through Panama because of its low taxes on offshore operations, making it one of Latin America's principal financial centres.

Some of the leading foreign banks explain the transfer of funds as a precautionary move in case of a renewed freeze on new deposits.

The international licence banks were unaffected by the freeze, while the general licence banks, which can engage in local banking operations, were given the option to manage their offshore funds under an international licence. This move restored some confidence.

Mr Edgardo Lasso Valdez, president of Panama's Banking Association, is optimistic the funds will return as confidence grows, because "not one of the banking laws or regulations has been changed." Few foreign banks have taken the decision to pull out of Panama.

Mr Lasso adds: "We are trying to get the system and the economy moving again, even if there is no immediate political solution to the crisis."

Unlike last March and April, when the banks were shut and most of the shops in the commercial centre of Panama were boarded up, commercial life has once again taken on a semblance of normality. Cash, rather than government pay cheques, is returning as the medium of exchange.

The freeze continues, however, on the remaining \$11.5bn of time deposits in the banking system.

Withdrawals on savings accounts, which total \$500m, are restricted to a maximum of 5 per cent per month with an upper limit of \$50, while 50 per cent of current accounts, totalling \$1.7bn, remain blocked.

Some of the frozen funds can be moved to make payments to the central government and public utilities. A secondary market has even started up in which frozen deposits are traded for cash at a discount.

Companies which have large cash turnovers have been able to feed this market and have played a key role in restoring liquidity to the system.

Ironically, it has been the US presence in Panama which has helped undermine its own sanctions.

The US troops based there spend about \$20m a month in the local economy, while the Panama Canal has provided a similar flow due to wages paid to its workforce and goods and services bought locally.

When, in mid-April, banks started taking deposits again, managers found that large amounts of cash were immediately deposited as a result of these accumulated funds in retail outlets. When the banks were reopened again on May 9, surplus cash was suddenly the problem, not a cash shortage.

Most banks now hold higher cash reserves than before the crisis, and surpluses are deposited with parent branches in

the US or Europe. An informal clearing system has also been worked out between the banks, until BNP is able to resume this role.

Bankers in Panama are convinced that the freeze saved the financial centre and that continued restrictions will be necessary for some time.

Mr Lasso says: "We need time to find a political solution."

The longer that takes the more serious will be the effect on the rest of the economy, because of the almost total unavailability of fresh credit.

Private-sector activity has been reduced by 30 per cent and there are few prospects of a prompt recovery if bank credits cannot be renewed.

Short-term trade credits of one to three months are beginning to move again - helping commerce through the Free Trade Zone at Colon - but longer-term credit, especially for the construction industry, is paralysed. Similar problems face agriculture and industry.

Mr Lasso believes construction is a key area. "We have been looking at ways to re-activate the sector with fresh foreign finance. If we can get construction moving, we can get the entire economy moving again."

Other specialists are sceptical.

One economist at the Banking Commission says: "If the economy continues to be depressed, no one will have the money to buy new homes or invest in new construction."

Similar doubts hang over the offshore banking centre.

## Apple to raise prices sharply

By Louise Kehoe in San Francisco

THE SHORTAGE of dynamic random access memory (Dram) chips has forced Apple Computer to raise significantly prices for some of its most popular personal computer models and add-on computer equipment.

The move follows price rises by other personal computer manufacturers, all of which are facing a serious shortage of the critical memory chip components.

Industry analysts predict the price increases could slow growth in the PC market, which is growing at an annual

rate in excess of 30 per cent.

Mr Charles M. Rosenberg, Apple US senior vice-president of sales and marketing, said: "To continue fulfilling the increasing demand for our products, we are required to pursue more costly channels for dynamic random access memory acquisition, thereby increasing the component costs of our products."

Apple is believed to have been forced to turn to the spot market for Drams, where prices are between two and three times higher than those for Drams sold under long-term

contracts.

The new prices are effective immediately and represent some of the steepest increases in the personal computer industry to date.

Apple has increased the price of its Macintosh SE from \$2,769 to \$3,169. The price of the high performance Macintosh II, which incorporates more memory chips, has risen from \$3,769 to \$4,569 and the Apple IIGS increases by \$150 to \$1,149.

The Apple IIE and the Macintosh Plus are unaffected by the price changes.

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The Apple IIE and the Macintosh Plus are unaffected by the price changes.

## ES2 forecasts further surge in turnover

By Alan Cane

EUROPEAN Silicon Structures (ES2), a pan-European semiconductor design and fabrication company started two years ago with \$12m of equity funding and grants, has recorded a meteoric rise in a global league table for specialised chip production.

According to 1987 figures from Dataquest, the US marketing consultancy, VLSI Technology of the US heads the table with revenues of \$15m, Austria's Mikro Systeme comes second with \$13m, and Rifa, another European company, is third with \$9m. ES2 is fourth with revenues of \$6m.

ES2 is involved in the quick but low-cost production of specialised semiconductors in small numbers. It uses computer-aided design methods and an advanced method of manufacturing chips, which involves writing directly on silicon wafers with a high-powered electron-beam machine.

Traditionally, low costs in semiconductor manufacturing have been associated with long production runs of standard chips. ES2's methods enable its customers' own electronics engineers to design advanced semiconductors.

Mr Robin Saxby, ES2 direc-

tor for Northern Europe, said in London yesterday that he expected the company's 1987 turnover to double in 1988. It was still on target to become profitable in the fourth quarter of 1989 or the first quarter of 1990.

He was speaking at the launch of ES2 chip design software which can be run on a conventional personal computer. Mr Saxby expects the company to create and build about 360 chip designs this year, compared with 117 last year and four in 1986, its start up year.

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## Software fault set to cost American Air \$50m sales

AMERICAN Airlines, the second largest domestic US carrier, may have lost as much as \$50m in second-quarter ticket revenues because of a computer software problem in its passenger reservation system, Reuters reports.

The problem, which has been corrected, was discovered when a review of second-quarter performance revealed lower than expected load factors.

The airline said its Sabre reservation system indicated that aircraft had sold out of dis-

count fares when such seats were, in fact, still available.

Certain classes of discount fares were prematurely closed and passengers requesting those fares referred to other airlines. "We gave that business away," an airline official said.

AMR, the airline's parent company, has reported near record second-quarter profits of \$141.4m or \$2.35 a share against \$92.3m or \$1.51 a year earlier. Revenues at \$2.16bn were up sharply from \$1.88bn.

## Stephens acquires stake in French banking group

By Our New York Staff

STEPHENS, one of the largest capitalised US investment bankers outside Wall Street, has paid \$44m for a small stake in Compagnie Financière de Suez, parent of Banque Indosuez, the French banking group.

Both groups believe the link will bolster their business in each other's country. Stephens hopes to help Indosuez exploit the European trends towards privatisation and US-style

mergers and acquisitions while offering the French firm its experience in the US.

The purchase of the 1.5 per cent stake in the French holding company arose from talks initiated by Mr Warren Stephens, president of the privately-held group which is based in Little Rock, Arkansas.

Mr Stephens will sit on the board of Suez International, a subsidiary which oversees foreign investments.

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IMPORTANT NOTICE TO THE HOLDERS OF  
INVESTMENT AB BEIJER

\$30,000,000 9% Senior Notes due June 1, 1990

NOTICE IS HEREBY GIVEN that a meeting of the holders of the 9% Senior Notes due June 1, 1990 of Investment AB Beijer (the "Noteholders") will be held on Thursday, October 6, 1988 at the offices of Svenska International plc, 17 Devonshire Square, London EC2M 4SQ at 3 pm for the purpose of considering and, if thought fit, approving the following resolution which will be proposed as an Extraordinary Resolution:

"THAT the Notes be redeemed at 100 1/2 per cent of their principal amount on November 1, 1988"

Proxies

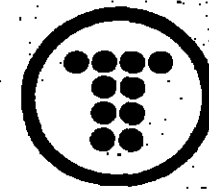
Noteholders' attention is drawn to the following arrangements:

- that Bearer Notes may be deposited with (or to the order of) the Fiscal Agent or a Paying Agent for the purpose of obtaining voting certificates or appointing proxies until 48 hours before the time fixed for the meeting but not thereafter; and
- that the holders of Registered Notes may appoint proxies by executing and delivering a form of proxy in the English language to the special office of a Paying Agent not later than 24 hours before the time fixed for the meeting or, in the case of corporations, may appoint representatives by resolution in the English language of their directors or other governing body.

INVESTMENT AB BEIJER  
Stockholm  
September 12, 1988An intelligence  
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Morgan Grenfell Securities Limited	Morgan Stanley International
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**INTERNATIONAL COMPANIES**

**Mexico refinances £65m of export credits debt**

By Peter Montagnon, World Trade Editor

**BARING BROTHERS** has agreed with Mexico to refinance about £65m (\$110m) in Export Credits Guarantee Department (ECGD) debts to the UK that were rescheduled under a Paris Club agreement last year.

The deal, under which Barings will wrap the affected debts into one single loan on its own books, marks a resumption after a long interval of ECGD's efforts to reduce its borrowings from central government by refinancing Paris Club debts in the private markets.

Affected are all Mexico's public sector buyers, credits which matured between September 1986 and March this

year and were backed by the ECGD as well as 60 per cent of the interest, owed on those loans between September 1986 and the end of last year.

ECGD has been under pressure to refinance its portfolio of rescheduled debts which otherwise have to be funded by steadily rising borrowings from the Government.

Mr Malcolm Stephens, ECGD Chief executive, said earlier this year the borrowings could rise to £3.5bn by 1993 unless they were reduced by debt refinancing in the private markets. However, yesterday's Mexican deal is the first since early 1987 when debts owed by Yugoslavia and the Philippines were refinanced through

GEFCO a vehicle company specially created by Lloyds Bank.

Barings Brothers said the refinancing was a straightforward banking transaction at floating rates under which it held the entire amount as an ECGD-backed loan to Mexico's Banco Nacional de Comercio Exterior on its own books.

However, it hinted that the deal could be scrutinised through a bond issue at a later stage if market circumstances permit. ECGD has been hoping to reduce its Government borrowings further by refinancing its portfolio of Nigerian rescheduled debt but this has proved difficult to negotiate because of that country's continuing economic problems.

**Arlabank forms joint venture**

By Our Financial Staff

**ARLABANK** International, the Bahrain-based, offshore banking concern, has formed a Brazilian investment bank in a joint venture with Hermes Macco, the Brazilian retail group.

The venture is to be known as Banco HM de Investimentos. Arlabank, which is owned by a consortium of Arab and Latin American banks, said Banco HM would have an initial capital of \$1m.

It will be based in Curitiba, Brazil, but will have its main branch office in Sao Paulo. Three additional branches are

planned in other locations at a later date, Arlabank said.

Banco HM will initially focus on corporate finance and advisory services and domestic money market and investment transactions. It will also offer export financing and foreign exchange plus fund management services.

Arlabank said the creation of the Brazilian investment banking unit follows the formation of Alpha Lambda Investment and Securities Corporation in the British Virgin Islands earlier this year.

Arlabank has also registered

a branch under the Arlabank name in the Cayman Islands for securities dealings with an affiliated branch in Panama and representative offices in London, Rio de Janeiro and Buenos Aires.

More than 25 per cent of the \$4m riyal (\$22.4m) flotation for Malkah Construction, a property development group based in Mecca, has been covered in the first week of the issue.

The new issue is open for 60 days. Some 3.3bn shares are on offer to the public with an initial down payment of 25 riyals each.

**Zurich SE to extend trade hours**

By John Wicks in Zurich

**THE ZURICH** Stock Exchange is to reorganise its operations from November 7 with the aim of "increasing trading capacity and meeting new market demands."

One step will be the extension of trading hours. Trading in Swiss equities is to begin daily at 9.30 am instead of 10.30. For shares in continuous quotation, trading will last until 1.15 pm or 2 pm at the latest, with trading in other shares still continuing into the afternoon where necessary.

In the case of the continuously traded Swiss shares, trading will now open with equities listed on the Swiss Options and Financial Futures Exchange (Sofex).

At the same time, the number of Swiss shares traded continuously will be extended by seven to 22, plus the three unlisted Roche equities.

The extension of main trading will mean that the present "pre-market" trading will move to the afternoon and become post-market. Trading here will begin 10 minutes after main trading closes.

An exception will be pre-market trading in foreign and domestic bonds, which will continue to start at 9.15 and 9.30 am respectively.

**Bank of Singapore takes 40% stake in Bleakley**

By Our financial staff

**BANK** of Singapore (Australia), which is 70 per cent controlled by Overseas-Chinese Banking Corporation of Singapore, has acquired 40 per cent of David R. Bleakley & Associates, the Australian investment planning service.

A further 9 per cent of Bleakley has been acquired by Gateway Holdings, the Australian financial consulting company.

The Bleakley family will retain a 51 per cent shareholding in Bleakley, which until now

has operated as an independent financial services group in New South Wales, Victoria, Queensland and South Australia.

The company now plans to expand into Western Australia and Tasmania, and to offer its services to investors outside Australia.

The purchase by Bank of Singapore steadily expands the bank's operations in Australia.

In April it acquired the stockbrokerage business BOS Stockbroking.

**Elec lifts profits by 98%**

By Michael Murray in Hong Kong

**ELEC** and Eitek, the Hong Kong listed electronics manufacturer, yesterday reported net profits of HK\$128m (\$17.8m) for the year ended June 30, a 98 per cent increase over the previous year.

The strong performance came as a result of increased demand for printed circuit boards (PCBs), which boosted turnover by 65 per cent to HK\$815m.

Production levels for PCBs were up by 23 per cent over the previous year, with a larger proportion of high density and

multilayer PCBs adding to profitability.

In May of this year Elec and Eitek opened a new factory in Thailand.

It recently announced further expansion plans with the construction of a HK\$76m plant across the Chinese border in Shenzhen.

The company went public in 1984 but subsequently ran into difficulties.

It reported large losses in 1985 and 1986, resulting in the closure of its telephone production line.

**Jacksons to leave HK**

By Our Hong Kong Correspondent

**JACKSONS**, THE Australian firm of stockbrokers, is to close its Hong Kong office, citing low volumes of business there.

Jacksons arrived in Hong Kong five years ago and established an office selling Australian equities. However, Mr Christopher Freeman, the head of the Hong Kong office, said yesterday that dwindling sales volumes no longer justified the presence of the four-man

team and that the office would be closed early in November.

Hong Kong clients will in future be served directly from Sydney.

Jacksons is a corporate member of the Australian Stock Exchange. In addition to its operations in Sydney, Perth and Melbourne, the brokerage also has offices in London and Paris.

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FINANCIAL TIMES  
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**Burmah Finance PLC**

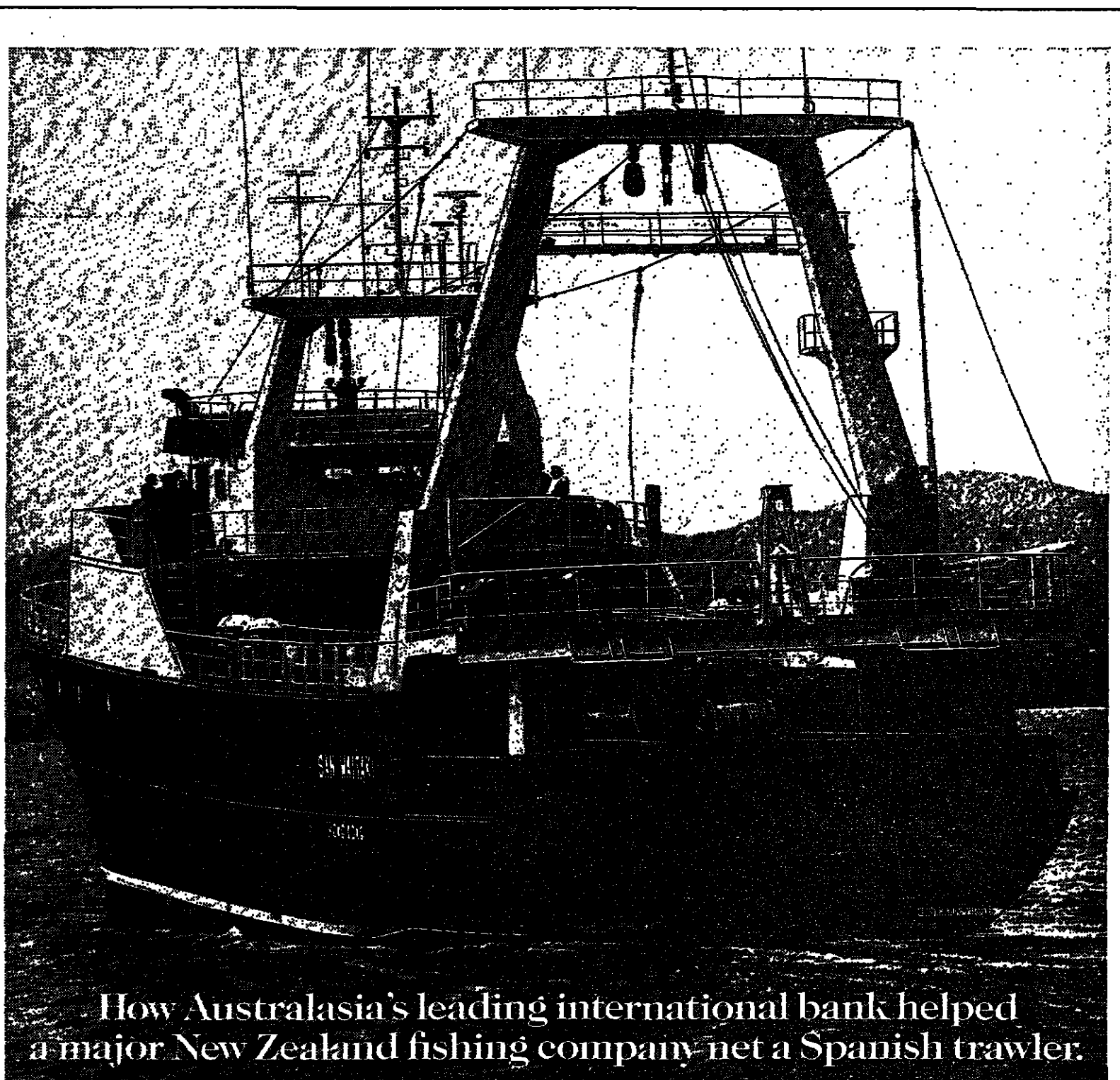
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INTERNATIONAL COMPANIES AND FINANCE

# Crédit Lyonnais chairman appointed by Socialists

By Paul Beils in Paris  
**THE FRENCH Socialist Government will tomorrow appoint Mr Jean-Yves Haberer, the former head of the Paribas banking group, as chairman of Crédit Lyonnais, the country's second largest state-owned commercial bank.**

The appointment is the second significant change at the top of one of the country's most important state-controlled financial institutions made by the Socialist Government since its victory in the elections this summer.

In July, the Government replaced Mr Jean Dromer as chairman of the UAP state insurance group with Mr Jean Peyrelevade.

Mr Haberer will replace Mr Jean-Marie Leveque as chairman of Crédit Lyonnais. Mr Leveque had widely been expected to be dropped by the Socialist Government since he has long been a strong and vocal opponent of the Socialists and an equally ardent advocate of economic liberalism and privatisation.

Indeed, Mr Leveque, who resigned as chairman of the Crédit Commercial Français bank in 1983 when the left nationalised it, has campaigned vigorously for the privatisation of the Crédit Lyonnais during the past two years.

However, the October 1987 stock market crash prevented the former right-wing Government from including Crédit Lyonnais in its privatisation timetable.

Mr Leveque said he had accepted the Government's decision to replace him. After the return of the Socialists, Mr Leveque, who is 65, had not expected to be kept on and had lost any hope of privatising Crédit Lyonnais.

Mr Leveque was appointed chairman of Crédit Lyonnais two years ago at the same time as the former right-wing Government of Mr Jacques Chirac replaced Mr Haberer as chairman of Paribas with Mr Michel François Poncelet.

The replacement of Mr Haberer, a former director of the French Treasury during the presidency of Mr Valéry Giscard d'Estaing, caused some surprise in 1986.

Although Paribas' financial performance thrived under his leadership, Mr Haberer often appeared a solitary figure inside the bank and was not a particularly popular chairman.



**Jacques Calvet, shortfall of 30,000 cars in 1987**

## Peugeot to increase production by 20%

By Our Paris Staff

PEUGEOT, the French car group embracing the Peugeot and Citroën marques, is planning to increase its annual production capacity by nearly 20 per cent over the next four years.

Mr Jacques Calvet, chairman, said production this year was expected to reach 2.1m cars compared with 1.9m last year. He added that the group planned to increase annual production capacity to 2.3m cars during the next two years and to 2.5m cars over the next four years.

The French car group is planning to increase capacity by investments in its existing plants in France, Spain and the UK. Peugeot has been operating at full capacity during the past two years and has faced a shortage of about 30,000 cars in 1988 and 30,000 cars last year.

Mr Calvet said the group's performance continued to be sustained this year. He said he expected total new car registrations on the French market this year to be higher than last year's 2.1m cars. The group's share of the domestic market totalled 35 per cent at the end of last month.

Peugeot expects to report net earnings this year of at least the same level as last year's FF6.7bn (\$1.07bn) while paying considerably more taxes. Mr Calvet said he also expected group debts to decline to less than FF15bn by the end of this year. The group's indebtedness has been coming down steadily from a peak of FF35bn in 1985.

## Amer aims to raise FM293m via rights

Olli Virtanen in Helsinki

AMER, the Finnish consumer goods group, will be the latest to tap the country's highly liquid capital markets through a rights issue intended to raise FM293m (\$66m).

The issue consists of 3.2m A or restricted voting shares offered to holders of K (fully-voting) and A shares in a one-for-five issue at FM90 apiece. Holders of warrants issued with the 5% per cent bonds due 1994 may subscribe one new restricted A share for every five warrants held at the same price.

Amer employees are offered a maximum of 120 shares per person at FM100 a share. Amer has reserved 150,000 shares for the warrant holders and 100,000 shares for its employees.

The subscription period is September 26 to October 28. Holders of the new shares will be entitled to half a dividend for the financial year which began on March 1, 1988.

Mr Heikki O. Salonen, Amer chairman, said the proceeds were not earmarked for a particular project. Rather, they would be used to "finance expansion of the existing businesses, future acquisitions and investments in real estate."

Finnish companies have raised, or decided to raise, about FM9.5bn through share issues on the Helsinki stock market this year, compared with FM6.6bn in 1987.

## X/Open moves towards agreed software standard

By Alan Cane

THE X/OPEN group, an international consortium of computer vendors attempting to secure common software standards, announced yesterday that it had established a verification and branding programme, aimed at reassuring customers that products claiming X/Open compliance met the agreed specifications.

Software standards have become a significant issue in the computer business this year. Customers have urged manufacturers to abandon proprietary methods of operating computers in favour of a single, agreed standard.

The aim is to make it simpler for computers from different manufacturers to be connected together and to operate with any kind of software.

Customers would no longer be dependent on any one vendor. Software developers would be able to write systems knowing they would run on any vendor's equipment, giving substantial economies of scale.

Mr Geoffrey Morris, X/Open chief executive officer, said yesterday: "Users are beginning to require X/Open branded products as part of their buying specifications."

Tests for compliance will be carried out by Unisoft Corporation at its sites in London, Boston, San Francisco and Tokyo. X/Open members include IBM, Unisys, ICL, Groupe Bull, Hewlett Packard and Fujitsu.

## Benedetti's Portugal push

By Tom Burns in Madrid

MR CARLO De Benedetti, the Italian financier, is planning to move into Portugal by way of Corporación Financiera Reunida (Cofir), the Spanish investment arm of his Cerus European holding company.

Cofir said Mr Jose Ramon Alvarez Rendueles, a former governor of the Bank of Spain and Cofir's chairman, had held talks with possible Portuguese partners to take minority stakes in the Cofir venture.

The proposed Portuguese investment company is likely to have an initial capital of Pta1.5bn (\$12.1m) and would be 60 per cent owned by the Spanish parent. Mr Rendueles hopes to launch Cofir Portugal within the next month.

## MAN raises dividend on sharp increase in income

By Our Financial Staff

MAN, the West German heavy engineering and construction group, said yesterday that group net income rose sharply in the year ended June 30, amid rising worldwide demand for capital goods. It raised its dividend for the year to DM6.50 (\$8.53) a share from DM5.50.

The company did not disclose profit figures for the year. But in a letter to shareholders, it said fiscal 1988 group sales declined to DM14.6bn from DM15bn a year earlier as it booked fewer large plant engineering projects. The general business areas posted brisk growth, MAN added.

The inflow of orders jumped 16 per cent to DM15.7bn in fiscal 1988 from DM13.8bn, signalling a continuation of the group's strong business performance into the present fiscal year. Foreign orders climbed 24 per cent. Domestic orders were up 9 per cent.

Truck orders jumped 20 per cent in 1987-88, while MAN Roland, the printing subsidiary, had a 44 per cent higher order inflow. Fiscal year results will be in December.

## Roussel net income down

By Our Financial Staff

ROUSSEL-UCIAP, the French pharmaceutical unit of Hoechst of West Germany, said yesterday its consolidated net income for the first half of 1988 was FF200m (\$81.8m), down from the exceptionally high FF288m profit registered for the period a year earlier.

However, the company noted that comparison of its latest earnings with previous results was distorted by non-recurring items that added FF278m to earnings for the first half of 1987. These included the sale of its Parfums Rochas unit to Wella, the West German hair care group.

Excluding one-time elements, the group's earnings for the first half of 1988 were FF180m, up from FF110m a year earlier.

## Crédit Suisse sells Albarella resort group

By John Wicks in Zurich

CREDIT SUISSE, the Swiss banking group, has sold Albarella, the resort group, to Marcogaglia, an Italian company based at Gazzoldo degli Ippoliti.

The group consists of the three companies, Albarella, Albarsport and Sca, and owns the holiday island of Albarella in the gulf of Venice.

The transaction, no price for which is being disclosed, is the bank's last important divestment of assets held since the Texon scandal of 1977.

Improper channelling of client funds by managers of the Chiasso branch of Crédit Suisse had then led to the acquisition of large-scale non-bank holdings in Italy.

These have gradually been sold and Crédit Suisse says the Texon portfolio has been cleared apart from minor property assets.

The Albarella project, which will now be run by the Italian businessman Mr Steno Marcogaglia, has 200,000 occupancies per year and 150 employees. Management, staff and organisation of the island will remain unchanged.

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This announcement appears as a matter of record only. July 15, 1988

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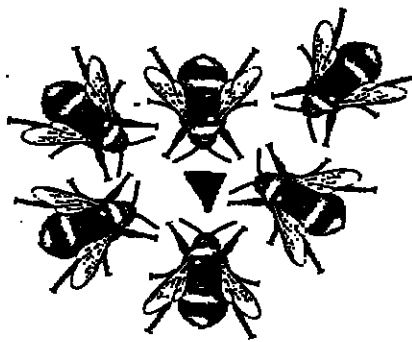
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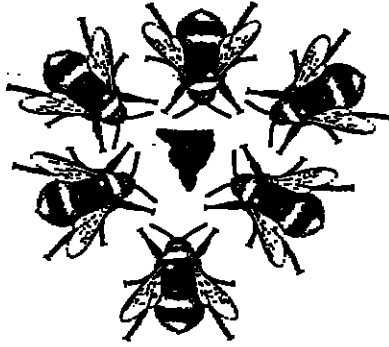
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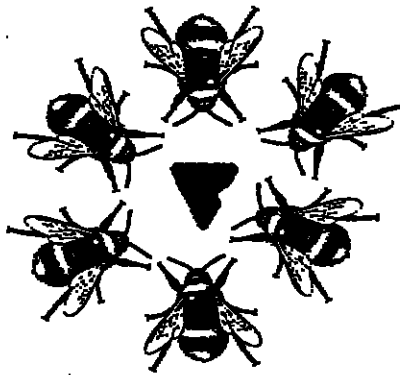
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INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Euro-ratings firms look to their laurels

Stephen Fidler on the fierce struggle for a place in the credit agencies' big league

Behind the scenes of the London capital market, a fierce struggle for domination in the credit ratings business is under way.

The gold and silver medals appear already to be secured in the hands of the two main US rating agencies, Standard & Poor's, a subsidiary of McGraw Hill, and Moody's Investors Service, a division of Dun & Bradstreet.

In the international bond and short-term paper markets, the use of credit ratings is growing quickly. The idea, long established in the US, is that because investors have neither the time nor the resources to evaluate the credit analysis of borrowers, the rating agencies should do it for them.

The ratings of the main US agencies differ slightly in presentation, but follow similar rules. Borrowers are assessed on a scale of AAA to D, and long-term risks attached to holding their paper. The best long-term credits carry a triple-A or AAA rating, and the fewer letters and the further down the alphabet you go, the lesser the quality of the credit.

One UK-based firm called KeyScan argues that the US rating system is inadequate and has established a rating system based on numerical scores out of 100. In terms of winning investor support for its view, however, KeyScan has a steep uphill struggle.

The reason that rating agencies are so potentially profitable is that they charge both investors, who read their research to find out about borrowers, and borrowers who want their issues rated.

of other credit analysts, such as those at commercial banks, and the agencies often have access to figures unavailable to other outsiders.

Even Moody's is having to fight hard in Europe. With a reputation among borrowers in Europe of being more difficult to deal with than its competitors, Moody's last month caused a row in the ERM market for UK mortgage-backed securities. The reason was its publication of an unrequested rating that was significantly below that issued for the same bonds by S&P.

Moody's was accused of attempting to muscle in on a sector of the market dominated by S&P and trying to force issuers to pay the £50,000 to get a Moody's rating.

Both Moody's and S&P now have offices and have moved analysts to London. Yet, the two main agencies were late in pushing resources into Europe, and were galvanised into action only after they saw the emergence of Euro-ratings, an agency set up in 1986 specifically to cater to the Euro-markets.

The idea was that of Mr Richard Cacchione, president of Fitch Investors Service, an independent US ratings agency established in 1913. Apart from Moody's and S&P, Fitch is the only other "full-service" ratings agency recognised as having the capability of rating all securities in the US market.

Mr Cacchione's plan was to hold the hand of Euro-ratings operationally until the latter's analysts were sufficiently well trained to stand on their own feet. This he now believes could take place in 1989, but as it stands the Euro-ratings' ratings committee is a key decision-making stage in the ratings process - now takes place with Fitch representatives taking part from New York using the telephone. In fact, the chairman of these proceedings, Mr Jack Vogel, is also the chairman of Fitch's ratings committee.

But although Euro-ratings' in-house technical skills have grown and the quality of its analysis is regarded as high,

contemplated joining Euro-ratings along with Fitch, and Cobac, a Belgian credit insurance firm in which Société Générale de Belgique has a stake of about 25 per cent.



Richard Cacchione, president of Fitch Investors Service, promoting the US ratings concept in the Euro-markets

There is no suggestion that Mr François's presence influenced the rating, and Euro-ratings rejects the insinuation that any information was abused. After an investigation, the firm said it found no evidence that there had been any abuse of any confidential information presented at the ratings committee meeting.

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the agency has encountered a series of obstacles. It has undoubtedly faced management problems. In its short life, two managing directors have come and gone, there has been an inter-regnum and now Mr Étienne Allard, a vice-chairman of Tanks, has taken over as acting chief executive until a permanent replacement can be found.

Earlier this year, the firm's chief financial analyst, Mr Joseph Connolly, left after a dispute, partly over his dislike for the company's new shareholders. One of Mr Connolly's concerns was that the ownership by the Belgian group presented conflict of interest problems for Euro-ratings, while he believed the Tanks holding deepened.

His concern, he believed, was underlined by a meeting last October in which a Euro-ratings director, Mr Michel François of Cobac, while visiting Fitch in New York, sat in on a ratings committee meeting at which Euro-ratings was discussing the short-term credit rating of both Kredietbank and Générale de Belgique. He subsequently disclosed to a Belgian journalist some details about the unpublished, or shadow, long-term rating of the two banks.

It is regarded as an unfortunate incident and one which will not be repeated. Euro-ratings says it has a strict policy which interprets conflict of interest according to strict US criteria, rather than using a more liberal European interpretation. Indeed, it has rejected other potential shareholders because they failed to meet these criteria, and there is a strong Chinese wall between the analysts and management, it says.

Separately, Euro-ratings was also shaken by a proposal from two analysts that it should merge with IBCA. The unsolicited proposal was put both to IBCA and Euro-ratings management, but fizzled out, since there was no management backing from either side.

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Some critics suggest that the Euro-ratings concept is flawed. Some issuers, particularly the larger ones, argue that they want a rating that will be of use in all markets, whether in Europe, the US or Japan. Does this suggest the non-global ratings agencies are useful only to those smaller issuers that do not want a globally-accepted rating?

Watching the difficulties of Euro-ratings and the success of the two big US ratings agencies in achieving, albeit belatedly, pre-eminence in Europe, Mr Cacchione has had time to mull over his conviction that the Euro-markets needed a European ratings agency.

From the point of view of Fitch - still privately held and without the deep pockets of its larger competitors - a joint venture may have been the only possible route over the Atlantic.

Mr Cacchione and his colleagues will no doubt have these issues in mind at the end of the year when they conduct a review of the Euro-ratings strategy.

Subdued trading keeps new issue sector in check

By Dominique Jackson

A HANDFUL of disparate Eurobond issues, including two more Euro issues and two dollar straight issues, was launched yesterday against a generally subdued secondary market background as most participants awaited tomorrow's US July trade report.

The low level of activity was indicated by the number of rumours circulating that several substantial dollar straight deals were imminent. However, only one conventionally offered dollar straight issue eventually emerged and seasoned dollar-denominated bonds traded within a narrow range after first proving lower in response to profit-taking following last week's gains.

An official at Salomon Brothers vehemently denied market reports that the house had been awarded a mandate by IBM, while Credit Suisse chief executive declined to comment on whether it was to bring Canada's Export Development Corporation to the sector.

It was Daiwa Europe which led the sole conventional offering, bringing to market a new issue of 100 million Swiss francs in the bank's first Euro-issue since it was privatised by the French Government in February this year. The \$150m five-year deal carried a 9% per cent coupon and was priced at 101% to give a yield to maturity of 8.5%.

Swiss banking growth slackens

GROWTH in Swiss banking and finance companies rose by 6.4 per cent to SF902.2bn (\$577.6m) at end-1987 against a 9 per cent growth rate in 1986.

marginally firmer tone to the Tokyo stock market has lent support to the equity-linked sector lately while a slowdown in issuance as the end of the current Japanese financial period nears also helped.

Two deals emerged in the Euro sector which is now suffering from severe oversupply following four issues last week. Credit Suisse first Boston led a Euro75m three-year issue for Interfinance Credit National, guaranteed by its parent Credit National, at 7% per cent and 101%.

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for a deal of this maturity although some sector specialists felt the pricing of the deal was a little on the tight side given the length of the deal.

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FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday 12 September 1988. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Table with columns for COUNTRY, STG, US\$, D-MARK, YEN, and various currency rates. Includes sections for EUROPEAN COUNTRIES, AFRICA, ASIA, AMERICAS, OCEANIA, and ISLANDS.

Abbreviations: (a) Buying rate; (b) Selling rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (f) Financial rate; (g) Export; (h) Non-commercial rate; (i) Business rate; (j) Free rate; (k) Lumpy goods; (l) Market rate; (m) Official rate; (n) Preferential rate; (o) Convertible rate; (p) Parallel rate; (q) Floating rate; (r) Variable rate. Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 01 634 4260/5.

TRADE INDEMNITY COLLECTION SERVICES 01-739-4311

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Table with columns for US DOLLARS, OTHER STRAIGHTS, and various bond details including Issued, Bid, Offer, Day, Week, Yield, and Price.

Notes and footnotes regarding the bond service table, including information on abbreviations and data sources.

INTERNATIONAL COMPANIES AND FINANCE

**Wooltru boosts sales but remains cautious**

By Jim Jones in Johannesburg

WOOLTRU, the South African fashion and clothing chain, lifted sales by more than half in the year to June 30 1988 but is cautious on the immediate outlook.

The year's turnover was R1.67bn against R1.10 bn in the previous year and the pre-tax profit rose to R121.7m from R34.2m.

Mr David Sussman, chairman, says sales increased as the sustained recovery of the retail industry was augmented by Wooltru's own R250m capital investment in new stores over the past five years. He expects earnings to increase again this year.

Earnings increased to 178.9 cents a share from 117.9 cents and the year's dividend has been raised to 80 cents from 60 cents.

**French buy UK reference book group**

GRUPE DE la Cite, the French publishing group, is to buy the British reference book and packaging concern Grisewood & Dempsey for an undisclosed amount.

The French publisher said the move will broaden its base in the area of reference books with the addition of Grisewood & Dempsey's Kingfisher books to its own domestic lines, which include Bordas and Larousse-Nathan.

The British group, which has annual revenue of more than £5m (\$8.5m), will retain management autonomy under its current executive team.

Grupe de la Cite was created in February 1988 through a merger between CSE Communications and Presse de la Cite. It has not published annual results yet, although the two concerns estimated at the time of their merger that they would have consolidated annual revenue of about FFr5bn (\$757m) in 1988.

**UK builders' merchants agree on £218m merger**

By Clay Harris in London

SANDELL PERKINS and Travis & Arnold, two medium-sized UK timber and builders' merchants, yesterday unveiled a recommended merger which values the combined group at £218m (\$370m). Travis Perkins will rank among the top six trade-oriented builders' merchants.

The merger, which will take the form of an all-share offer by Sandell Perkins for Travis, has been carefully balanced to give equal weight to the two managements of the family-run companies. Each will provide five directors, led by Mr Tony Travis as chairman and Mr Tim Perkins as deputy chairman.

The decision to merge after several unsuccessful efforts over the years by each to woo the other - reflects in part increased competition along the frontier between Sandell's operations in London and the south-east, and the midlands and south-west stronghold of Northampton-based Travis.

"We were both flexing our muscles into each other's regions in order to expand," Mr Travis said. "None the less, there is little geographical overlap between Sandell's 67 outlets and Travis's 87 branches. Property disposals are expected to be 'fairly insignificant,'" according to Mr David Perkins, who is to become group managing director.

Travis achieved pre-tax profits of £17.5m on turnover of £183m in 1987; in the year to March 31, Sandell reported pre-tax profits of £13.7m on sales of £148.5m.

With Sandell shares 5p lower at 218p, its eight-for-five share offer values Travis shares at 348.8p. If the deal goes through, Travis shareholders will also



Mr Tim Perkins and Mr Tony Travis prior to yesterday's merger announcement

get a 16p special dividend to reflect their disproportionate contribution to the combined group's assets. Travis shares closed 23p higher at 270p.

Travis yesterday reported pre-tax profits of £10.18m (\$7.06m) on turnover of £102.3m (\$91.2m) for the six months to June 30. Earnings per share rose to 18.7p (12.9p). Travis is to pay an interim dividend of 1.6p (1p).

Sandell was advised by County NatWest, Travis by N.M. Rothschild.

**Tampella to upgrade Finnish paper mill**

TAMPELLA, the Finnish engineering and forestry group, is to modernise its Anjala paper mill at a cost of about Fm600m (\$136m).

It said it would rebuild a paper-making machine to produce mainly high-quality magazine paper. This is scheduled to be completed by October 1989 and will have an annual output of more than 150,000 tonnes.

Tampella also said its Italian subsidiary, Tampella Carcano SpA had received an order from US paper group Jefferson Smurfit Corp to rebuild a fine paper machine at a mill in Cali, Colombia. No price was announced.

The Anjala mill in south-eastern Finland produces about 100,000 tonnes of book paper a year and this would not be reduced. The mill also produces 200,000 tonnes of newsprint on another machine.

The group said demand for coated magazine papers had been growing rapidly and that this trend would continue.

The spokesman said the rebuilt machine would be the fastest of its kind in the world.

Tampella said it expects group net sales of Fm4.7m in 1988 compared with Fm3.77m in 1988.

This announcement appears as a matter of record only

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August 1988

**CDF-Chimie forecasts higher profits**

CDF-Chimie, the French state-owned chemical group, expects to double its net consolidated profit to FFr2bn (\$318m) this year from 1987, according to Serge Tchuruk, chairman.

In 1986, the company made a loss of FFr2.59 bn.

Mr Tchuruk also announced it bought French adhesives manufacturer Orinor to complement CDF's operations in the sector and was negotiating a takeover of a Parisian asphalt maker. He gave no financial details.

He announced the company had changed its name to Orkem.

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LONDON'S BUSINESS NEWSPAPER

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235	185	As. Sph. Ind. Ordinary	235	0	8.7	3.7	8.8
225	185	As. Sph. Ind. CILS	225	0	10.0	4.5	
40	25	Average and Bonds	36	0			
57	37	BBB Design Group (ISSM)	37	0	2.1	5.5	5.9
170	135	Barron Group	170	0	3.3	1.9	23.9
115	100	Bardas Group Cons. Prof.	115	0	4.7	8.8	
148	130	Bitu Technologies	130	0	5.2	4.0	9.4
114	100	Brennell Cons. Prof.	111	-2	11.0	9.9	
287	246	CL Group Ordinary	285	0	22.3	4.3	
162	129	CL Group 11% Cons. Prof.	162	0	14.7	9.1	
151	129	Carbo Pte (SE)	149	0	6.1	4.1	13.0
113	100	Carbo 7.5% Pref (SE)	113	0	10.3	9.1	
315	247	George Hill	315	0	12.0	3.8	7.0
100	64	Isis Group	100	0			13.2
118	87	Jackson Group (SE)	110	0	3.4	3.1	12.2
350	245	MultiGroup NV (Auss) (SE)	340	0			
115	40	Robert, London	115m	0	7.5	6.5	4.5
430	124	Servotest	415	0	8.0	1.9	37.7
275	194	Torday & Carfite	275	0	7.7	2.8	7.7
95	56	Truher Holdings (SE)	77	0	2.7	3.6	8.5
113	100	Ugibart, Europe Cons Prof.	108	0	8.0	7.4	
290	203	W.S. Yates	290	-1	16.2	5.4	57.3

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**CHANNEL ISLANDS**

The Financial Times proposes to publish this survey on:

Thursday, 15th December 1988

For a full editorial synopsis and advertisement details, please contact:

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**FINANCIAL TIMES**  
LONDON'S BUSINESS NEWSPAPER



UK COMPANY NEWS

Gibbs Mew selling loss-making arm to Herbert Dawe for £800,000

GIBBS MEW, small USM-quoted brewer, is selling its loss-making drinks wholesaler William Seymour and Co (Sherborne) for about £800,000.

The purchaser is Herbert Dawe, Devon-based manufacturer and distributor of soft drinks. Seymours will continue to distribute Gibbs Mew beers and other products under a trading agreement. Consideration will be in the form of a £100,000 loan, £250,000 of convertible unsecured loan stock and the balance in cash. Seymour made a pre-tax loss of £11,000 last year.

A new chief executive was appointed to restore Seymour to profitability only in July but Mr Roger Gibbs, the company secretary, said yesterday that "after reviewing the situation, we thought this deal was better. The performance of Seymours has been disappointing and we are confident that we can redeploy these resources more effectively within the group."

Cupid placing

Cupid, Blackburn-based designer and manufacturer of bridal gowns and nursery care products, is to join the Third Market via a placing by brokers Carlton Seal, writes Fiona Thompson.

The company, set up eight years ago by Mr Michael Murray, managing director, made pre-tax profits of £301,000 on sales of about £2.5m for the year to March 1988, including a contribution from Quilty, a nursery care products company acquired during the year. Quilty makes a quilted material used to line children's car safety seats.

Racal prospectus

Racal, electronics group, is to publish the prospectus for the formation of its Racal Telecommunications Group subsidiary on Thursday.

GrandMet buys

Grand Metropolitan, UK drinks group, yesterday raised its stake in Irish Distillers from 20.1 per cent to 22.5 per cent. GrandMet, which is offering 125,250 shares in competing with Pernod Ricard for the Irish whiskey group.

M.Y. Higgs up 41%

A strong performance from its packaging businesses enabled M.Y. Holdings to lift pre-tax profits by 41 per cent to £1.86m in the six months to July 2.

Mr Paul Marks, chairman, said the packaging side had experienced strong demand and was further enhanced by the acquisition of Rowpak (Containers) in May.

Turnover expanded to £23.78m (£16.76m). At the trading profit level, packaging contributed £1.61m (£945,000), while the consumer goods side made £401,000 (£382,000).

Earnings per 10p share rose to 3.22p (2.47p) and the interim dividend is 0.55p (0.45p).

Sutherland jumps

Sutherland Holdings, USM-quoted food processor, reported interim pre-tax profits up from £165,000 to £1.16m. The results reflected acquisitions last year and improvements in all operating companies.

Turnover for the six months to July 3 rose to £41.5m (£33.98m). Earnings per share were 2.72p (0.52p) and the interim dividend has been raised to 0.85p (0.33p).

Slimmer Dalgety rises to £99.6m

By Clare Pearson

DALGETY, food, agribusiness and commodity group, yesterday reported pre-tax profits up 8 per cent to £39.6m in the year to June 30. Turnover was \$4.5bn (£5bn).

Mr Terry Pryce, chief executive, described the result as a good one for a period of transition. During the year, Dalgety shed non-core businesses which contributed £26.2m to trading profits during the previous year.

Earnings per share advanced by 8 per cent to 29.5p (27.8p). The final dividend is raised by 1p to 9p, making 15p (14p) for 1987. Dalgety shares closed 2p higher at 396p.

Mr Pryce said he would be disappointed if a "significant acquisition" worth up to £250m had not been made by the end of the current year. This would be in the food sector, in which several small purchases were made during 1987-88.

Dalgety disposed of a number of businesses, including lumber and engineering concerns, early in the year. Divested businesses put in £3.1m to trading profits of £142.5m (£139.9m).

Golden Wonder, the snacks business, was included for a full 12 months, against nine months last time. Mr Pryce said measures to improve productivity including the closure of two factories, had made good progress. A \$3m advertising campaign, which Dalgety believed to be the largest ever in the snack food market, had just been embarked upon.

Spillers Foods was boosted by the buoyant UK petfood market, where growth has been fuelled by the increasing number of domestic pets and a decline in the availability of scraps due to convenience cooking. Mr Pryce said Spillers had also managed to increase its market share.

Homepride Foods' Cook-in-Sauces was the only food manufacturing business to show a higher contribution than last time, which was creditable given the poor harvest in 1987. Australian interests were helped by the strong international market for wool.

Gill & Duffus, the commodities arm, put in £26.5m (£31m) in spite of generally depressed markets for food commodities.



Terry Pryce: expects 'significant acquisition' in current year

Net borrowings were similar to last time, despite an increase in year-end borrowings at Gill & Duffus to £22m, while shareholders' funds increased by £22m to £277m. Excluding the commodities arm, gearing stood at 54 per cent at the year-end, which Mr Pryce described as "very comfortable". A £12.9m (£17.1m) extraordinary gain was mainly from the disposal of the Canadian lumber interest.

Regular premium business leaps 60% to £51m at Sun Life

By Richard Waters

SUN LIFE Assurance Society yesterday reported strong gains in new regular premium business in the first half of the year. This coincided with the announcement of its strategic alliance with Union des Assurances de Paris, France's largest insurance group.

Regular premium (as opposed to single premium) business in the six months to June 30, at £51m, was 80 per cent higher than in the corresponding period of 1987.

This was largely due to a surge in the sale of section 226 pension policies for the self-employed, which were abolished on July 1.

Sun Life had already reported new regular premium business of £38m, a rise of only 21 per cent on 1987, but yesterday said that this figure, published in July, failed to take into account the large amount of business which had not been processed by June 30.

Single premium business, in contrast, fell sharply as a result of last autumn's stock market crash.

Total single premium income for the group as a whole was £360.1m (£534.6m), while unit trust sales brought in £35.5m (£28.8m).

Sun Life said that sales of its pensions products, especially new-style personal pensions, which came into effect on July 1, were "currently at a very satisfactory level".

The company declared an interim dividend of 12.58p (11.44p), a 10 per cent rise. See Lex

Delta shares fall despite 20% earnings increase

By Phillip Coggan

A 20 PER cent rise in interim earnings per share at Delta Group, the engineering and electrical equipment company, failed to impress the market yesterday and the company's shares fell 11p to 265p.

Although all three main divisions and all five main geographical areas increased their profits, there was a fall in the contribution of related companies from £6.41m to £6.2m. Thus while operating profits rose 19 per cent to £27.8m (£23.4m), pre-tax profits rose by just 12.5 per cent to £24.1m (£20.3m). Turnover was £218.1m (£201.6m) and earnings per share were 15.1p (13.6p).

Last year, Delta failed in a bid attempt for George H. Scholes, an electrical engineering group with particular expertise in circuit breakers. Delta has now launched its own range of circuit breakers and consumer units, which it says was "very well received".

Delta's star first-half performer was the engineering side, which increased pre-tax profits from £6.2m to near thanks both to organic and acquisition-led growth.

Growth in the electrical equipment division was held back by the performance of a related company, Telephone Cables, in which Delta has a 25.5 per cent stake. The division's profits rose only marginally to £16.22m (£16.15m).

The industrial services side made £7.83m (£7.43m) profits. Mr Geoffrey Wilson, chairman, said that the group's second half performance continued to be ahead of last year. The interim dividend is being increased to 3.4p (2.9p).

Delta has spent many years patiently rebuilding, weeding out the non-makers, making bolt-on acquisitions, increasing its efficiency. The overall effect has been steady rather than spectacular - turnover which was £500m in 1982, was only £528m last year. Sadly for Mr Wilson, who can point to growth in pre-tax profits from £13.9m to £24.2m over the same period, the City has grown bored. Delta failed in its bid for Scholes and is now the subject of bid rumours itself. Even such speculation does little for the share price, assuming pre-tax profits of £70m for the year, the prospective pie is just 8.5. But it is hard, in these markets, to see either a hostile bid for Delta or to envisage the sudden emergence as a go-go stock.

Rugby at £31.5m midway

RUGBY GROUP, building materials supplier, raised pre-tax profits by 42 per cent to £31.5m in the six months to June 30.

Turnover increased 21 per cent to £233.3m. Despite higher operating costs of £207.27m (£179.57m) trading profits grew 33 per cent to £31.03m.

Mr Geoffrey Higham, chairman, said the mild start to the year and continuing high level of demand helped all the UK companies, which raised trading profits 39 per cent to £24.21m. Cement operations contributed £11.93m (£8.45m), joinery £10.46m (£7.24m) and steel construction products £1.81m (£1.66m).

Overseas trading profits rose 14 per cent to £5.83m. Mr Higham said that the recent cost reduction exercise in Australia had resulted in increased sales. However, the US millwork companies had seen little

sales growth in a difficult first half. Verlal, French glass maker, and De Vries, Dutch maker of wooden windows, had both made good initial contributions.

Earnings per share worked through at 6.96p (4.76p) and the interim dividend is lifted to 2.3p (adjusted 1.875p).

should continue to benefit the group for at least another 12 months. UK construction output is forecast to rise by a further 2 per cent next year which should also help Rugby's joinery and steel products division. Profits from the latter were depressed by start-up costs for a major £27m reinforced steel contract for the Channel tunnel. The contract should make its main profit contribution in 1989 and 1990. Like Blue Circle, Rugby has had problems in the US where prices for building materials in some states have been under pressure. To counter-balance there were improved profits from Australia where the business has been reorganised as well as first time contributions from France, Spain and West Germany. A prospective 7% of around 8 on full year pre-tax profits of £70m is about average for the sector.

Saatchi buys large NZ agency

By Phillip Coggan

SAATCHI & SAATCHI yesterday extended its global advertising empire with the purchase of New Zealand's second largest agency, Mackay King Advertising Holdings.

Saatchi's existing activities in New Zealand make it one of the top three agencies, and the combined group will become the country's largest.

Last year, Mackay King had billings of NZ\$69m (£25.16m) and made pre-tax profits of NZ\$4.1m. Initial payments for the group will be NZ\$35m in cash, with further payments payable until 1994, dependent on profits.

The maximum consideration will be NZ\$60m.

Mr Terry King and Mr Peter Cullinane, who run the Auckland and Wellington agencies respectively, will remain joint chief executives.

Assoc. British Ports

Associated British Ports Holdings, which is due to report interim results on Thursday, paid a net final dividend of 5p for the year to December 1987. The Results Due table in Saturday's edition inadvertently omitted to note this payment.

N Sea & General

North Sea & General, USM-quoted oil and gas producer, made £780,000 (£1.58m) pre-tax on sales of £2.72m (£3.57m) for six months to end-June. Comparisons restated. Maiden interim dividend 0.5p.

British Vita up 29% to £16.9m

By Andrew Hill

BRITISH VITA, the Manchester-based polymer, fibre and foam group, increased pre-tax profits by 29 per cent to £16.9m in the six months to June 30, compared with £13.1m last time.

About half the growth came from existing businesses and about half from recent acquisitions, including Uniroval/Royalite and Metzeler Schaum. However, operating margins came down from 8.5 per cent to 6.6 per cent as Metzeler, bought in December from Bayer, the West German chemical company, was absorbed into the group.

Turnover was up 66 per cent in the first half to £224m

(£134m) and earnings per share rose from a restated 7.87p to 9.03p. Vita declared an interim dividend of 2.8p (1.96p).

Vita is also making much of its spread of businesses across Europe, supplying continental furniture manufacturers from its factories in France, Spain and West Germany, which then sell products to the UK. Metzeler is likely to make a good contribution in 1989 and in the meantime, observers have increased their forecasts for 1988 to about 33m before tax. With the tax rate down from 43 per cent to about 40 per cent, this puts the shares - up 2.5p yesterday to 225.5p - on a prospective multiple of around 12. This is a premium to the market, but Vita is still a group with strong earnings potential.

**DIVIDENDS ANNOUNCED**

Company	Current payment	Date of payment	Corresponding dividend	Total for year	Total for last year
ASD	5.5	-	4.5	-	9.5
British Vita	2.8	Nov 7	2	-	4.825
Cala	1.91	Oct 28	1.5	2.75	2.2
Canning (W)	1.5	Dec 1	1.3	-	5.3
Dalgety	9	Jan 3	8	15	14
Delta	3.4	-	2.9	-	9
Hyman	0.91	-	0.75	-	1.7
Kleinwort Smaller	1.175	Nov 4	1.177	-	3.233
Lillemor	2.3	Dec 2	0.375	-	1.9
Magnetics Mats	28	-	2	2.9	2.9
Merchants Trust	3	Oct 28	2.52	-	5.4
Mervale Moore	4.75	-	3	-	4.5
M.Y. Holdings	0.557	Dec 8	0.45	-	1.5
Nelson Group	2.3	Nov 4	2	-	5.4
Norfolk Capital	0.18	-	0.15	-	0.45
Nth Sea & Gen	0.5	-	-	-	-
Rugby Group	2.3	Nov 25	1.875	-	4.25
Sun Life Ass	12.58	-	11.44	-	33.8
Saber	2	Nov 28	-	-	5
Sutherland Higgs	0.85	-	0.33	-	1.1
Travis & Arnold	1.6	-	1.29	-	6.5

Dividends shown pence per share net except where otherwise stated. Equivalent after allowing for scrip issues. 100 capital increased by rights and/or acquisition issues. USM stock. \$5Unquoted stock. #Third market. \$Scrip dividend alternative

**BOARD MEETINGS**

Company	Future Dates
APV	Sep 22
Arrol	Sep 19
Barton	Sep 22
CCA Publications	Sep 27
Herring Son & Dow	Sep 22
LDI	Sep 18
Lipson Industries	Sep 22
PCF Group	Sep 15
Singel (William)	Sep 22
Singel & Friedlander	Sep 22
Sinclair	Sep 15
Spice Furniture	Sep 21
Pharm	1.5
Elders UK	Sep 22
Estates Property Inv	Sep 19
Gabriel	Sep 18

This announcement appears as a matter of record only.

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**Barclays Bank PLC**  
**Creditanstalt-Bankverein**  
**The Mitsui Trust and Banking Co., Ltd.**

Participant  
**Banque Internationale à Luxembourg S.A.**  
London Branch

September 1988

**Progress continues**

	Six months to 31/12/1987	Six months to 31/12/1988
Operating profit	£ 27.8m	£ 23.4m
Profit before tax	£ 34.1m	£ 30.3m
Turnover	£318.1m	£261.6m
Earnings per share	15.1p	12.6p
Interim ordinary dividend	3.4p	2.9p

- ▲ Operating profit up by 19%
- ▲ Increased turnover with real growth from organic development and acquisitions
- ▲ Continued growth in earnings per share
- ▲ Increased profits in all main areas with Europe now significant
- ▲ Interim dividend increased by 17%
- ▲ Completed nine acquisitions costing £40m in the last eighteen months

Geoffrey Wilson, Chairman  
Delta plc

Copies of the Interim Report for the six months ended 2nd July 1988 from which the above is an extract are available from the Secretary, Delta plc, 1 Kingsway, London WC2B 6JF.

**DELTA**  
ELECTRICAL EQUIPMENT · ENGINEERING · INDUSTRIAL SERVICES  
DELTA and the symbol are registered trademarks of Delta plc.

**F&H Group plc**  
**RIGHTS ISSUE**

Due to the current postal delays, the latest time for acceptance and payment in full for the Rights Issue of the new Ordinary Shares in F&H Group plc is to be extended by 14 days until 3.00 p.m. on 28th September, 1988. Completed provisions, allotment letters will be accepted if they are received by post at National Giro, 155-157 Commercial Road, London E1 2DB or delivered by hand to National Westminster Bank PLC, New Issues Department, 2 Princes Street, London EC2P 2BD before that time.

Accordingly, the timetable will be amended as follows:

Latest time and date for splitting (nil paid)	3.00 p.m. 28th September, 1988
Latest time and date for acceptance and payment in full	3.00 p.m. 28th September, 1988
Latest time and date for splitting (fully paid)	3.00 p.m. 17th October, 1988
Latest time and date for renunciation and registration	3.00 p.m. 19th October, 1988
Date for posting share certificates	15th November, 1988

This notice is issued by F&H Group plc and has been approved by Smith New Court Agency Limited, a member of The Securities Association.

**MERIVALE MOORE plc**  
Commercial and residential property investment and development

**"Substantial progress"**

Turnover	30,687	30,688	
	£'000	£'000	
Pre-tax profit	6,347	9,656	+52%
Pro-forma net assets	44,530	71,212	+60%
Earnings per share	32.1p	46.2p	+44%
Dividends per share	4.5p	7.0p	+56%

Report and Accounts available from The Secretary, (after 19 September), 2a Pond Place, London SW3 6QJ



UK COMPANY NEWS

Property investments help Suter jump 66% to £20m

By Ray Bashford

SUPER, industrial holding company, lifted pre-tax profits 66 per cent from £12m to £20m in the six months to July 2, exceeding City forecasts and setting the solid foundation for a substantial improvement in the annual result.

The businesses retained from the £77m Mitchell Cotts acquisition of June last year contributed £3.8m to the pre-tax figure. Stripping out this contribution, Suter's pre-tax profits advanced 33 per cent to £15.9m.

Mr David Abell, chairman, also gave further details of the plan to reduce borrowings and said that the company could have a net cash surplus of up to £20m at the end of the current financial year.

The sale of Mitchell Cotts' transport services division last year for £32m virtually completed the rationalisation plan and was a major contributor to a 60 per cent reduction in borrowings during the last eight months and a 40 per cent fall during the six months under review.

IF Banner Industries of the US exercised its option to acquire Suter's 27.5 per cent stake in Avdel for a total consideration of £28m, as was announced late last month, Suter will achieve a cash surplus.

Mr Abell said that this cash surplus, coupled with the ability to borrow up to £100m, left the company well placed to expand through acquisition.

The board is also seeking shareholders' approval for the buy-back of up to 10 per cent of the company's capital. Terms of the scheme are expected to be released soon.

An exceptionally high return from property investments fell into the current accounts and made a £5.1m (£1.8m) addition.

Fully diluted earnings per share were 32 per cent ahead at 11.1p. The board has lifted the interim dividend from 1.5p to 2p and it expects to recommend a final dividend of not less than 4p.

Turnover in the six months rose 61 per cent to £118m with the industrial division returning £98.8m and the distribution division £20.5m to the total.

The pre-tax profit of the industrial group was 86 per cent higher at £7.8m. The group's environmental and automotive components operations returned pre-tax profits of £1.7m and £1.9m respectively.

The refrigeration wholesaling activities were again the highlight of the distribution division's performance, reporting a 50 per cent rise in pre-tax profits to £1.5m on a 26 per

cent rise in turnover. Suter also received a significantly higher contribution of the profits from associated companies, rising from £1.3m to £4.3m.

**COMMENT**  
From the shadow of allegations over insider trading, Mr David Abell came out fighting yesterday, and let the results speak for themselves. The message was clear enough to analysts, who upgraded pre-tax profit forecasts amid strong indications of continued organic growth and rigid management controls.

The residual parts of Mitchell Cotts, in particular the chemical and engine re-manufacturing operations, appear set to make further strong contributions. With the "clean up" of Mitchell Cotts almost complete, another purchase is certain, although it is likely to be relatively small.

Second-half results will be without the assistance of such a big return from property operations. So strong are the lingering doubts hanging over Suter, that the shares firmed only 6p to 100p. But on fundamentals alone, the shares appear cheap on prospective p/e of 8.4, assuming pre-tax profits midway in analysts' full-year range of £35m to £39m.

The longer established London club "performed well in a competitive market".

Norfolk Capital confident despite earnings setback

By David Waller

NORFOLK CAPITAL, acquisitive hotel group, yesterday predicted that 1988 would be a year of "consolidation and development" as it reported a 15 per cent drop in earnings per share for the six months to end-June.

Although pre-tax profits rose by 27 per cent to £1.82m, and turnover jumped by nearly a half to £19.15m, earnings fell from 0.41p to 0.35p. This was in part due to a 48 per cent increase in the number of shares in issue over the year, but also reflected problems at the St James's Club in Paris.

Mr Anthony Richmond Watson, Norfolk chairman, said that the Paris club, located in the plush 16th arrondissement, had lost £750,000. Trading is expected to improve in the current half, but the club is unlikely to break even until the end of next year.

The St James's Clubs, bought for £2.1m last September from Mr Peter de Savary, are as much hotel as club. Members pay an annual subscription which allows them to stay there at very high room rates. According to the chairman, membership in Paris is booming, but occupancy levels are very poor.

The longer established London club "performed well in a competitive market".

Norfolk also announced plans to develop the land behind the Caledonian Hotel in Edinburgh at a cost of £80m over two years.

The interim dividend is 0.18p (0.15p).

**COMMENT**  
In the bull market, hopes for a glorious future combined with a dash of bid speculation, drove Norfolk Capital's paper onto a truly stratospheric rating duly exploited to make acquisitions for shares. That future is now with us, and it is not so glorious: earnings per share are likely to fall slightly over the year as a whole, from 1.2p to 1.1p. To some extent, this reflects factors beyond the company's control, such as the poor state of the London hotel market, but problems at the Paris St James's club could have been expected. A 20 per cent hike in the interim dividend is a testament to the company's continuing confidence, but shareholders who forked out for September's rights issue are likely to be disillusioned still. Up 1p to 27½p yesterday (compared to the rights price of 45p), the shares are on a lofty multiple of 25, unjustifiable on trading grounds but partially explained by an asset value of as much as 36p a share.

ASD profit more than doubled

By Andrew Hill

ASD, the steel stockholding and distribution group, more than doubled pre-tax profits in the first half of 1988, making £3.36m before tax in the six months to June 30, against £1.52m in the equivalent period, and £3.24m in the whole of 1987.

Mr Ralph Oppenheimer, chairman, said the company would probably consider a move from the Unlisted Securities Market to a full listing next year.

Turnover at ASD increased by 50 per cent to £87.8m (£58.1m) in the first half. The results included a 10-week contribution from Robert Fraser, a distributor of pipes and fittings bought in April, which made £270,000 before tax on sales of £4.75m.

Mr Oppenheimer said the figures had been boosted by the buoyant construction and automotive markets, improved distribution efficiency, and a return to profits at Davy Stockholders, bought from Davy Corporation at the end of 1986.

He added that gearing at ASD, which says it is the third largest steel stockholder in the UK, had risen to 84 per cent at the halfway stage, but expected it to drop to about 65 per cent by the end of the year.

However, he warned that the recent rise in interest rates would probably have an effect on the second half, which was normally less profitable than the first.

Earnings per share more than doubled to 32.5p (16.2p) and the company declared an interim dividend of 5.5p (4.5p).

**COMMENT**  
ASD's innate conservatism

came out in the statement which accompanied yesterday's excellent figures, but the market ignored the cautious references to rising interest rates, and marked the shares up 20p to 41½p. This reflected pleasure that Davy Stockholders was back in the black and anticipated the continued strength of the industrial construction industry, growth from the core businesses - although not on the scale of these results - and a more substantial contribution from Robert Fraser. The risk of a downturn in the industry's served by ASD may be offset by the market for added value products, such as stainless and profiled steel. Analysts are forecasting at least 88m for the full year, putting the shares on a prospective p/e of about 7, which looks good value.

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Tarmac buys brick maker for £10.6m

By Andrew Hill

TARMAC, the construction and building materials group, has agreed to buy Innes Lee Industries, a brick manufacturer, for £10.6m in cash, shares and floating loan notes.

The group, which emerged last week as the counter-bidder for Ruberoid, the roofing materials company, is to issue 3.28m new ordinary shares and 2.88m unsecured floating rate loan notes 1989/98, with the balance paid for in cash.

Innes produces about 50m bricks a year, and trades under the names Belton Brick and

Campbell Brick. The acquisition will push Tarmac's total brickmaking capacity up to almost 250m a year. Innes has two factories, at Belton, near Scunthorpe, and Chesterfield, Derbyshire.

Meanwhile, Tarmac yesterday increased its stake in Ruberoid, which is also the subject of a £125m bid from Raine Industries, the housebuilder. Tarmac, which is offering £141.3m for Ruberoid, now owns or has received irrevocable acceptances representing about 14 per cent of the target's share capital.

Williams Hldgs sells N. American offshoots

By Clay Harris

WILLIAMS HOLDINGS, industrial conglomerate, is to sell its North American plastics business for £810.4m (£5m) to Polar Plastics, a Canadian company.

Gallos Plastics, based in Winston-Salem, North Carolina, and Diamond Plastics, based in Brampton, Ontario, have been part of Williams since 1986 and 1988 respectively. They make disposable

cusps, plates and trays - many for airlines - and scientific products such as Petri dishes and test tubes.

Williams said that with new products emerging in the market resulting in pressure on profits, Diamond and Gallos would do better as part of a larger plastics group. Polar has production facilities in Monaca and Allentown, Pennsylvania.

Verson £0.6m acquisition

By Richard Tomkins

VERSON INTERNATIONAL, West Midlands engineering group, has bought Daniel Smith, a Worcesterham manufacturer of cold roll forming machinery, from Rega Holdings for up to £600,000 in cash. It plans to feed the company's products into its marketing network.

Verson also sounded a bullish note on its export performance, saying orders continued to grow in spite of sterling's erratic trading. "In the last two weeks alone the group has secured firm letters of intent and contracts valued at just under £14m, 80 per cent of which are for export."

Biwater builds water stake

By Andrew Hill

BIWATER, a private water contracting and engineering group, has taken a 25.19 per cent stake in West Hampshire Water Company, raising the possibility of a bid for the statutory water company.

The stock was bought through Biwater Supply, a vehicle set up by Biwater in March to launch an agreed bid for East Worcestershire Water.

works. The share purchase built on an undeclared stake of just under 15 per cent. Biwater said it intended to have talks with West Hampshire's directors, most of whom are unavailable until near the end of the month, but would not say whether it aimed to bid for the water company.

In preparation for the planned privatisation of the

ten water authorities, several large investors, notably French water suppliers, have taken holdings in the UK's 29 statutory water companies, which work alongside the authorities.

One French company, Lyonnaise des Eaux, successfully launched agreed bids for Essex and East Anglian water companies. Some water authorities have also bought stock in the companies in their region.

Mr Peter Cox, secretary and treasurer of West Hampshire, said yesterday: "Obviously we would not want to see the water authorities as buyers of stock and this is one step better than that, but I don't know what our directors would want to happen."

Biwater Supply is headed by two directors from Biwater and four executives from East Worcestershire Waterworks, who initially wanted to attempt a management buy-out of the water company.

**McKAY SECURITIES PLC**  
**Notice of Meeting**  
Due to the postal disruption, Notice is hereby given that the Annual General Meeting of McKay Securities PLC will be held at 20 Parkside, 28/56 Knightsbridge, London SW1X 7JX on Thursday 6th October 1988 at 12 noon.  
Copies of the Report and Financial Statements have been posted to Shareholders but additional copies are available for collection as from 13th September 1988 at the Company's offices at 20 Parkside, as above, and from Warburg Securities, 1 Finsbury Avenue, London EC2M 2FA.

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Please contact:  
HQ in Oslo: Jon Svendsbråten or Jan Berg.  
Tel: (472) 31 98 37. Telex: 79585 UBN NO.  
London Branch: Paul Stevenson or David Hollands-Hurst. Tel: 01-929-2391. Telex: 8951828 UBNL.  
20 St. Swithins Lane, London EC4N 8AD.

Also with subsidiary in Luxembourg and representative offices in Copenhagen, Helsinki, New York and Stockholm. Union Bank of Norway is known domestically as ABC Bank.

**Union Bank of Norway**

**MARIEVALE LIMITED**  
(Incorporated in the Republic of South Africa)  
(Registration number 02/06770/06)  
(Marievale)  
Group

**CONVERSION OF 'F' ORDINARY SHARES INTO ORDINARY SHARES**

In January 1988 Marievale issued 500 million 'F' ordinary shares to United States investors. It is now proposing to convert these 'F' ordinary shares into ordinary shares. This conversion will be effected by way of a special dividend payment to the holders of the 'F' ordinary shares. The conversion will be effected by way of a special dividend payment to the holders of the 'F' ordinary shares.

The reason for the creation of the 'F' ordinary shares as a distinctive and separate class of shares was to secure United States investors in Marievale shares that they would not be subject to the provisions of the Securities Act of 1933 and the Securities Act of 1934. The conversion of the 'F' ordinary shares into ordinary shares will be effected by way of a special dividend payment to the holders of the 'F' ordinary shares.

Whilst the need to accommodate the needs of shareholders who are United States investors remains valid, the continued existence of separate classes of shares is being reviewed in the light of the ability of the company to conduct business. This is the intention of the directors. It is therefore considered to be in the interest of the company and all its shareholders to correct the situation by converting the 'F' ordinary shares into ordinary shares. The conversion of the 'F' ordinary shares into ordinary shares will be effected by way of a special dividend payment to the holders of the 'F' ordinary shares.

The proposed conversion has been approved by the JSE and the LSE and requires the sanction of shareholders in general meeting. The necessary shareholders' meeting will be held on 8 October 1988. An explanatory circular and the notice of shareholders' meeting will be sent to shareholders by post.

Johannesburg, 12 September 1988

**EBC Amro Traded Currency Fund Limited**  
**NOTICE of the FOURTH ANNUAL GENERAL MEETING of Shareholders to take place on the 7th day of October, 1988 at 11 am.**

NOTICE is hereby given pursuant to the Articles of Association of EBC Amro Traded Currency Fund Limited ("the Company") that the Fourth Annual General Meeting of the Company will take place on the 7th day of October, 1988 at 11 am at EBC House, 1-9 Seale Street, St. Helier, Jersey, Channel Islands for the purposes of considering and if thought fit, passing the following Ordinary Resolutions:

1. That the Financial Statements for the period ended 31st March, 1988 together with the Report of the Directors and the Auditors thereon be received, approved and adopted.
2. That Messrs. Coopers & Lybrand who have signified their willingness to continue in office be and are hereby appointed the Auditors of the Company for the ensuing year and that the fee payable to them in respect of the year to 31st March, 1989 be determined by the Directors.

By order of the Board  
EBC Trust Company (Jersey) Limited  
Secretary

Dated the 9th day of September, 1988.

**NOTES**  
1. The holder of a Confidential Depositary Receipt ("CDR") may exercise his voting rights by depositing the CDR at the office of Amsterdam Depository Company N.V., 172 Spuistraat, 1012 VT Amsterdam, The Netherlands (the "Depository") and by instructing the Depository as to the exercise of the voting rights attached to the Shares evidenced by such CDR. In the absence of such instructions, the Depository will exercise such voting rights or refrain from doing so, as it thinks fit in the interests of the holder.

2. There are no service contracts with the Directors.

12th September, 1988

**ROVER GROUP**  
**IMPORTANT NOTICE TO ROVER GROUP SHAREHOLDERS**

Recommended proposals for the acquisition by British Aerospace of the ordinary shares it does not already own in Rover Group were sent to Rover Group shareholders on 30th August, 1988.

Due to the risk of continuing postal delays, SPECIAL ARRANGEMENTS ARE BEING MADE FOR SHAREHOLDERS TO RETURN THEIR FORMS OF PROXY AND, IF THEY WISH, FORMS OF ELECTION BY LODGING THEM WITH ANY AUSTIN ROVER DEALER IN THE UNITED KINGDOM BY 5.00 P.M. ON MONDAY, 19th SEPTEMBER, 1988. The address of your local Austin Rover dealer can be found in the "Yellow Pages" under "Car dealers & distributors." Forms of proxy and forms of election will be lodged at shareholders' own risk.

The proposals will be voted on at a Meeting of Rover Group shareholders at the Queen Elizabeth II Conference Centre, London SW1 at 11.00a.m. on Thursday, 22nd September, 1988. If shareholders wish to vote on the proposals, it is important that they complete and arrange for the return of their forms of proxy (yellow card). They may also attend the meeting. Shareholders wishing to elect for new British Aerospace shares should also complete and lodge their forms of election (blue form). Completed forms of proxy and forms of election may also be delivered by hand up to 5.00 p.m. on 20th September to:

The Rover Group plc or Connaught St. Michaels Limited  
7-10 Hobart Place CSM House  
London SW1 Victoria Street  
Luton, Bedfordshire

Alternatively, forms of proxy can be handed to the Chairman at the Meeting on 22nd September. If you do not have your form of proxy, form of election or the accompanying document, further copies can be obtained through Austin Rover dealers. If you have posted your form of proxy and/or form of election and are concerned that they may not be delivered in time, you may complete new forms and lodge them with an Austin Rover dealer or deliver them by hand as described above. If you have any questions, please do not address them to Austin Rover dealers but call the Rover Helpline by dialling 100 and asking the Operator for Freefone Rover Group. British Aerospace will be advertising its interim results for the half-year to 30th June, 1988 in the national press on 14th September, 1988.

This notice is issued by The Rover Group plc, J. Henry Schroder Wagg & Co. Limited, a member of The Securities Association, has approved its contents for the purposes of Section 77 of the Financial Services Act 1986. The Directors of Rover Group, other than Mr B.E. Friend, are the persons responsible for the information contained in this notice. These Directors of Rover Group confirm that, to the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this notice is in accordance with the facts and does not omit anything likely to affect the import of such information. Each of such Directors of Rover Group accepts responsibility accordingly. Mr B.E. Friend, a Director of British Aerospace, was appointed to the Rover Group Board following British Aerospace's acquisition of HM Government's shareholding in Rover Group and has therefore not participated in the issue of this notice on behalf of Rover Group. 13th September, 1988

**THE RUGBY GROUP PLC**  
**Interim Results**

Unaudited six months to 30th June	1988	1987
TURNOVER	£238.3m	£197.4m + 21%
PROFIT BEFORE TAX	£31.5m	£22.1m + 42%
EARNINGS PER SHARE*	6.96p	4.76p + 46%
DIVIDENDS PER SHARE	2.3p	1.875p + 23%

\*Before extraordinary profits of £NII (1987: £7,445,000)

The Group acquired on 29th July 1988 Associated Building Centers Inc. of Missouri, U.S.A., for some US\$5.9m and on 2nd September 1988 acquired the door manufacturing business of Baltic Industries Pty. Ltd., Melbourne, Australia, for some A\$3.6m.

Prospects for the remainder of the year look good.

For a copy of the 1988 Interim Report, please contact:  
The Secretary, The Rugby Group PLC, Crown House, Rugby CV21 2DT. Tel. 0788 542111

**BRITTOIL FINANCE B.V. (the "issuer")**  
**NOTICE**

to the holders of the outstanding U.S. \$125,000,000 11% per cent. Notes Due 1990 (the "Notes") of BRITTOIL FINANCE B.V.

of the **EARLY REDEMPTION ON 15th OCTOBER, 1988** of all the Notes by the issuer

In accordance with Condition 5 of the Notes, the issuer will redeem all of the Notes then outstanding on 15th October, 1988 (the "Redemption Date"). The Notes will be redeemed at 100% of their principal amount together with interest accrued to (but excluding) the Redemption Date (the "Redemption Amount") at the specified office of any of the Paying Agents listed below against surrender of Notes on or after 17th October 1988 (being the first business day after the Redemption Date) together with all unremitted Coupons, failing which the amount otherwise payable in respect of any missing unremitted Coupon(s) will be deducted from the Redemption Amount.

Interest on the Notes will cease to accrue from the Redemption Date. The Coupon maturing on 15th October, 1988 should be presented for payment in the usual manner.

- Citibank N.A. Avenue de Tervuren 249 B-1150 Brussels Belgium
- Citibank N.A. 111 Wall Street New York, NY 10043, USA
- Citibank (Luxembourg) S.A. 15 Avenue Marie Thérèse Luxembourg
- Citicorp Investment Bank (Switzerland) Bahnhofstrasse 63 CH-8001 Zurich, Switzerland

12th September, 1988 Britoil Finance B.V.



This announcement appears as a matter of record only.



Co-operative Insurance Society Limited

£50,000,000  
Revolving Credit Facility

Arranger  
S.G. Warburg & Co. Ltd.

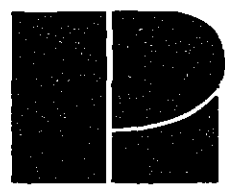
Senior Lead Manager and Agent  
The Mitsubishi Bank, Limited

Lead Managers  
Rabobank Nederland (London Branch)  
The Sanwa Bank, Limited

Manager  
The Tokai Bank, Limited

Participants  
Kansallis Banking Group  
The Nikko Bank (UK) plc

September 1988



## PLEASURAMA PLC

HOTELS & HOLIDAYS • AMUSEMENT MACHINES • CASINOS  
CATERING & GENERAL LEISURE • PROPERTY

### INTERIM RESULTS

For the 6 months ended 30th June 1988

	6 months ended 30th June 1988	Increase over 6 months ended 28th June 1987
TURNOVER	£143.08m	+43%
TRADING PROFIT (INCLUDING RELATED COMPANIES)	£27.37m	+56%
PROFIT BEFORE TAXATION	£22.53m	+38%
EARNINGS PER ORDINARY SHARE (FULLY DILUTED)	6.1p	+20%
DIVIDEND PER ORDINARY SHARE	2.25p	+12.5%

The above results are abridged from the full interim report sent to shareholders on 6th September 1988, copies of which - together with Pleasurama's defence document in relation to the Mecca offer for Pleasurama - are available from the Company Secretariat, Pleasurama PLC, 17 Great Cumberland Place, London W1H 7LA. Telephone: 01-258 1914.

The interim report has been reported on as required by the City Code on Take-overs and Mergers.

vita

### PROGRESS REPORT

SIX MONTHS TO 30 JUNE 1988

	1988	1987
Turnover	£224m	£134m
Profit before tax	£16.9m	£13.1m
Earnings per share	9.03p	7.87p*
Dividend per share	2.80p	1.96p*

\*Adjusted for 1987 rights and 1988 capitalisation issues

#### CHAIRMAN'S COMMENTS

- Significant growth achieved by acquisitions and organic development
- Further strengthening of presence in the EEC
- 43% dividend increase
- Trading continues at encouraging levels

Copies of the Interim Report can be obtained from the Company Secretary, BRITISH VITA PLC, MIDDLETON, MANCHESTER M24 2DB

INTERNATIONAL LEADERS IN POLYMER, FIBRE AND FABRIC MATERIALS AND TECHNOLOGY... SERVING THE FURNISHING, TRANSPORTATION, APPAREL, LEISURE, PACKAGING AND ENGINEERING INDUSTRIES.

## UK COMPANY NEWS

### Myson disappoints with £8.6m

By Fiona Thompson

MYSON GROUP, boiler and radiator manufacturer, yesterday reported a 14.7 per cent increase in pre-tax profits from £7.5m to £8.6m for the six months to June 30, on turnover 8.5 per cent higher at £78.07m. "We have managed to get volumes up, which pleased us, but we were disappointed that we didn't get better margins," said Mr Ray Wheeler, chairman. At the trading level, profits rose from £3.06m to £3.56m. There was a lot of price competition. Despite raw material costs going up, prices didn't start to rise until June. The increase, about 4 per cent, was the first rise in two years. Also, our wage bill went up."

Myson has about a 20 per cent share of the £275m domestic boiler market and a 30 per cent share of the £160m radiator market. Boilers - gas, oil and warm air - account for a quarter of Myson's sales; radiators, both domestic and industrial, another quarter; and pumps 15 per cent. The balance comes from the sale of gas fires and gas water heaters, air conditioning, electric fan heaters and towel rails, and a range of heating systems. Residential products brought in about 55m of the total turnover, industrial the remainder. Margins are much better on the residential side, though industrial margins are slowly improving, according to Mr Wheeler. On new products, the cast iron boiler was making good progress and the combination boiler had started well. Interest payable was cut from £556,000 to £247,000. Tax took £2.98m (£2.55m). Earnings per share rose from 5.32p to 6.51p and an interim dividend of 2.3p (2p) was declared.

#### COMMENT

The City was somewhat disappointed with these results and the shares fell 9p to close at 162p last night. Myson's margins appear to have been squeezed rather harder than expected. The cost of raw materials - especially steel - rose

and, because of the buoyant demand for radiators and boilers, the assumption was that Myson would recoup this through price increases. However, this did not happen, at least in the first half, although it has now. The worry for Myson, with the vast majority of its business in repair and refurbishment rather than new building, is that higher interest rates might discourage people from carrying out non-vital repairs. There is no sign that demand is decreasing, but yesterday's profit figures have resulted in analysts downgrading their full-year forecasts to about £22m, putting the shares on a prospective p/e of 9, fair.

### Buoyant house sales help Cala to £6.85m

By James Buxton, Scottish Correspondent

CALA, the Edinburgh-based company which builds executive homes in many parts of Britain, yesterday reported a 56 per cent rise in pre-tax profits to £6.85m for the year to June 30 1988, compared with £4.38m in 1987.

The company attributed the increase to the buoyant house sales market, and to the fact that it is now getting the benefit of investments made in recent years in new regions. All operating units performed ahead of expectations, Cala said.

Cala is raising its dividend for the year by 25 per cent to 2.75p per share. Earnings per share were 14.46p, an increase of 40 per cent on 1987. Turnover was up by 37 per cent at £58.15m. Thanks to a very strong market for house sales Cala's more mature housing subsidiaries showed a rise in profits from £4.1m to £6.3m.

Mr Geoffrey Ball, chairman, said he expects further improvements in the current year, especially from its Midlands, Strathclyde and Western subsidiaries, and from property development. He said that the company was partially insulated against any fall in house prices in the southeast because it had sold forward 50 per cent of its houses there.

Though Cala says market conditions are likely to become less buoyant, it points to borrowings which at June 30 amounted to £3.1m, ten per cent of shareholders' funds.

#### COMMENT

Though the housebuilding sector is currently overshadowed by high interest rates, Cala is not heavily borrowed, is not burdened by having a large land bank and is operating in parts of the country where growth prospects are still good. It successfully weathered the recent collapse of house prices in its original home town of Aberdeen. Its property development subsidiary, accounting for a tenth of sales, doubled profits last year and should continue to improve. Analysts are agreed in forecasting pre-tax profits of £10m this year, making earnings per share of 18.6p. Despite profits that were higher than expected, the shares were marked down 3p to 145p yesterday, giving a prospective p/e of 7.8. That seems to reflect doubts about the sector - than about Cala itself.

#### Sheldon Jones

Sheldon Jones, manufacturer of animal feeds and supplier of crop products, suffered a drop in pre-tax profits from £752,000 to £438,000 in the year to May 31. Turnover at the USM-quoted company slipped to £14.26m (£15.32m) and earnings fell to 7.5p (9.9p) per share. The final dividend is maintained at 3.3p to make an unchanged total of 4.65p.

### Slow growth in first half at W Canning

By Richard Tomkins, Midlands Correspondent

PROFITS GROWTH at W Canning, the Birmingham-based speciality chemicals and industrial distribution group, slowed in the first half of 1988 following a sharp fall in the contribution from Medserv, its US medical services associate. Group pre-tax profits rose by 6 per cent from £3.8m to £3.51m in the half-year to June. Earnings per share growth was also modest at 4.8 per cent (from 10.4p to 10.9p), but the interim dividend is raised from 1.3p to 1.5p.

Last September Canning sold off all but 44 per cent of its

stake in Medserv, turning the subsidiary into an associate. Canning's latest figures therefore include none of Medserv's sales - group turnover accordingly fell from £54.3m to £39.8m - and only 44 per cent of its pre-tax profit.

Medserv's profit in any case dropped from £2.3m to £700,000 because of reorganisation costs following an acquisition. Its contribution to Canning fell from £2.3m to £306,000.

This downturn was offset by strong performances from speciality chemicals, which

increased profits from £1.2m to £1.8m, and industrial distribution, which rose from £499,000 to £1.5m. Proceeds from the Medserv sale also cut the interest charge.

#### COMMENT

If Medserv's contribution to Canning's first half was even less than some expected, that is perhaps a vindication of Canning's decision to cut its stake rather than grounds for criticising the group's overall performance. The latter, though superficially limp, was

hardly distorted by the comparison with last year's differently shaped group, and it will take the full year figures to demonstrate how strong the underlying performance remains. If the likely £7.5m pre-tax profit, earnings of 24p will be 28 per cent up on the previous year's, putting the shares at yesterday's 215p on an undemanding p/e of 9. Canning has set itself an ambitious target in aiming to double its market capitalisation by the end of 1990, and may not necessarily achieve it; but it has not ground to a halt yet.

### Domestic move for Caird

By Clay Harris

CAIRD GROUP, waste disposal company, is moving its domestic refuse collection for the first time by supporting a start-up operation which plans to tender for local authority contracts.

Mr Peter Linacre, chairman, said Caird was investing £150,000 for a 60 per cent stake in Cheltenham-based Enviroman, which would be seeking contracts initially in the West of England.

Enviroman will be run by Mr

Charles MacKay-Davidson, who has more than 20 years' experience in waste management in South Africa. He and other partners will be able to increase their minority stake in Enviroman to 60 per cent, depending on profits over a three-year period.

Caird yesterday also said it had increased its stake in Leigh Interests, Midlands-based waste disposal company, from 5.5 per cent to 6.2 per cent with market purchases at 194p and 195p.

### AmBrit option granted

By Fiona Thompson

AN OPTION to acquire a 70.3 per cent stake in AmBrit International, the USM oil and gas development and property company, has been granted to oil businessmen Mr Ian Parker, Mr Alan Russett, and Mr Graeme Thomson.

AmBrit of the US, parent company of AmBrit International, has granted the option, exercisable at any time up to December 31, to buy 29.7m of its 23.45m shares at 21p.

International also said it is

having talks with its parent about the sale of AmBrit Development Corp, International's wholly owned subsidiary, to the US company. International would use the proceeds of the sale to reduce its debt to its parent, currently standing at \$3.9m.

The principal assets of the development company are a joint venture interest in a Vero Beach, Florida, harbour development, and a 90,000 sq ft office building in St Petersburg, Florida.

### COMPANY NEWS IN BRIEF

**KALING ELECTRO-OPTICS:** Offer from 600 Group accepted in respect of 9.51m shares (90.5 per cent). A cash alternative has been elected for in respect of 3.3m shares (24.6 per cent).

**HYMAN (polyurethane foam converter and manufacturer):** Interim dividend 0.9p (0.75p). Turnover £21.53m (£15.31m) and pre-tax profits £1.05m (£962,000) for first half of 1988. Earnings per 5p share 1.65p (2.08p).

**LILLESBALL (steel fasteners and engineers' tools distributor):** Interim dividend 1p (0.375p adjusted) for six months to July 2. Forecast final no less than 1.5p. Turnover £10.06m (£7.16m restated) and pre-tax profits £648,000 (£375,000). After tax of £196,000 (£75,000), earnings per 10p share 6.5p (3.4p) basic and 5.9p (3p) fully diluted.

**MAGNETIC MATERIALS**

**Group:** Final dividend of this USM-quoted company maintained at 2p for unchanged total of 2.9p for year to June 30. Turnover £15.06m (£14.76m). Net interest receivable £3,000 (£225,000) and pre-tax profits £35,000 (£1,780m). After tax of £194,000 (£438,000), earnings per 10p share 2p (7.5p).

**MERIVALE MOORE** raised pre-tax profits by 52 per cent to £9.66m in the year to June 30 on turnover ahead 28 per cent from £23.55m to £30.5m. The investment holding company had an extraordinary credit of £2.6m (£203,000). Earnings per 5p share came out at 46.2p (32.1p). A final dividend of 4.75p makes a total of 7p (4.5p).

**NEWAGE TRANSMISSIONS** paying interim dividend of 1.2p on September 28, following unconditional offer by Williams Holdings.

**NEWAY GROUP - Pre-tax**

profit for six months to July 1 £975,000 (£899,000) on turnover of £11.93m (£10.98m).

**SCOTTISH INVESTMENT** Trust raised net asset value 9.5 per cent from 154p to 168.7p in the nine months to July 31. Total assets rose from £49.56m to £50.25m. Gross investment income advanced 29 per cent to £13.27m (£10.32m), leading to a 35 per cent jump in pre-tax revenue to £2.8m (£2.3m).

**SPHERE INVESTMENT** Trust net asset value at June 30 was 75.2p against 112.5p at the end of September 1987 or against 65.5p six months earlier. Earnings per share 0.78p (1.5p). Interim dividend is unchanged at 0.875p.

**VERSON INTERNATIONAL** Group has acquired assets of Daniel Smith of Wolverhampton from Rega Holdings for £450,000 cash.

### SHARE STAKES

**Armour Trust:** Following share purchases made last week, Grand Central Investment Holdings is interested in 1.64m ordinary (8.8 per cent).

**Marlton Industries:** Marlton Meads Group and Mr N.R. Puffin hold 3.85m ordinary (18.2 per cent). Following recent open offer, Legal and General Assurance Society now holds 2.26m ordinary (8.155 per cent).

**Newman Tombs Group:** Scottish Amicable Investment Managers hold 3.18m ordinary (5.04 per cent).

**Perry Group:** Funds under management of Scottish Amicable Investment now control 1.47m ordinary (8.01 per cent).

**Schroder Global Trust:** British Empire Securities and General Trust holds 4.35m ordinary (12.026 per cent). As a result of disposals, London and Manchester Group is interested in 1.62m ordinary (4.507 per cent).

### POSTAL DISRUPTION



#### PARK FOOD GROUP PLC

##### NOTICE TO SHAREHOLDERS

On 8th September, 1988, Park Food Group plc ("the Company") announced the proposed acquisition of the Country Group, a group of four hamper distribution companies, and the Butler business, a wine and spirit distribution business, each acquisition being conditional upon the approval of the Company's shareholders. Details of the proposed acquisition are contained in a Circular to shareholders dated 13th September, 1988 together with an Extraordinary General Meeting convened for 29th September, 1988 with a form of proxy for use at the meeting.

In the light of the current postal disruption, arrangements have been made for delivery of the Circular and Notice of Extraordinary General Meeting to shareholders by alternative means. Should any shareholders not receive a copy of the Circular and Notice of Extraordinary General Meeting by 14th September, 1988, they are advised to contact the Company Secretary of Park Food Group plc at its registered office (set out below) or telephone 0151 653 0586. Additionally, copies of the Circular and Notice of Extraordinary General Meeting are available for collection from the registered office of the company and from Hill Samuel & Co. Limited, 100 Wood Street, London EC2P 2AJ.

The Notice convening the Extraordinary General Meeting to be held on 29th September, 1988 is reproduced in full below.

#### PARK FOOD GROUP PLC

##### NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Park Food Group plc will be held in the Executive Suite of Treatment Rooms, Royal Club Limited, Preston Park, Brighton Road West, Brighton, on Thursday, 29th September, 1988 as soon as the Annual General Meeting convened for 12.00 noon on the same day has been concluded, for the purpose of considering, and if thought fit, passing the following Resolutions, which will be proposed as Ordinary Resolutions:-

#### RESOLUTIONS

- "THAT the general and unconditional authority for the purpose of Section 80 of the Companies Act 1985 to effect, grant approval over or otherwise dispose of relevant securities given to the Directors under Article 5 of the Articles of Association of the Company be renewed for a term of five years expiring on the 29th September, 1993 and that such authority be limited to a maximum nominal amount of relevant securities equal to the amount of the authorised share capital of the Company from time to time unissued during the period of this authority."
- "THAT the acquisition by the Company from C. W. R. Atkinson, P. Atkinson, M. C. Giner and M. L. Giner and M.P.D. Harpers Limited and F. P. Limited on the terms and conditions of the Agreement dated 7th September, 1988 and made between C. W. R. Atkinson, P. Atkinson (1), the Company (2) and P. R. Johnson (3), and the Agreement dated 7th September, 1988 and made between M. C. Giner, M. L. Giner and others (1), the Company (2) and P. R. Johnson (3) be and is hereby approved."
- "THAT the acquisition by Bealew (217) Limited of a subsidiary of the Company, from Edward Butler Writters Limited ("EBW") of the wine and spirit business of EBW on the terms and conditions of the Agreement dated 7th September, 1988 and made between EBW (1), Bealew (217) Limited (2), Edward Butler Holdings Limited (3), Edward William Butler (4) and the Company (5), be and is hereby approved."

BY ORDER OF THE BOARD

R.J. HUGHES  
Secretary

Registered Office:  
Valley Road,  
Bilsham,  
Merseyside L41 7ED  
DATED: 13th September, 1988

#### NOTES:

- A member entitled to attend and vote at the Meeting may appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A form of proxy is enclosed for use by shareholders.
- To be effective the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed must be deposited with the Secretary, Park Food Group plc, Valley Road, Bilsham, Merseyside L41 7ED, by not later than 12.00 noon on 27th September, 1988. Completion and return of the form of proxy will not preclude the member from attending the Meeting and voting in person if the member wishes to do so.

### FULL LONDON BRANCH NOW OPEN

## NORWAY'S TRADE FINANCE BANK

Union Bank of Norway has every facility to assist importers and exporters in their sales efforts both in Norway and abroad. We offer collection services, letters of credit and trade finance, all of which can be adapted to meet particular needs. We offer financing in different currency baskets to reduce your foreign exchange risks. Our close relationship with the Norwegian Savings Banks gives us a unique network to assist with your payment transactions.

Please contact:  
HQ in Oslo: Tom Kristensen (trade finance) or Eva Hagerup (letters of credit/collection).  
Tel: (472) 31 90 50. Telex: 19470 UBN BK.  
London Branch: Ivar Spurkeland. Tel: 01-929 2391.  
Telex: 8951828 UBNL 20 St. Swithins Lane, London EC4N 8AD.

Also with subsidiary in Luxembourg and representative offices in Copenhagen, Helsinki, New York and Stockholm. Union Bank of Norway is known domestically as ABC Bank.

### Union Bank of Norway

#### ALUMINIUM

The Financial Times proposes to publish this survey on 26th October 1988. For a full editorial synopsis and advertisement details, please contact:

Anthony C. Hayes  
on 021-454-0922 or write to him  
Financial Times  
George House, George Road  
Edgworth  
Birmingham B15 1JG.

FINANCIAL TIMES  
EUROPEAN BUSINESS DEVELOPMENTS



CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling recovers earlier losses

STERLING SHRIBGED off a slightly earlier loss, seen after the release of UK economic data, to finish unchanged from Friday's close...

although the latter was on a relatively modest scale. A contraction in Japan's trade surplus in August gave underlying support, but there is really little incentive to trade until the July trade figures are known...

any attempt to push the D-Mark below the Y2.00 will likely be held up, until after the release of US trade figures tomorrow.

The dollar closed at DM1.8450 from DM1.8500 and Y133.60 against Y133.60. Elsewhere it finished at SF1.5635 from SF1.5620 and FF2.2775 against FF2.2825.

Intervention by the Bundesbank in Frankfurt, helped to control the dollar's rise. The US unit rose to DM1.8474 at the fixing on Monday...

FT GUIDE TO WORLD CURRENCIES, Page 32.

FINANCIAL FUTURES

Bond prices edge firmer

LONG GILT futures finished on a firmer note in yesterday's Life market, after a rather uninspiring trading session.

The December long gilt closed at 93-29 against 93-14 at the opening and 93-16 on Friday. Trading volume was less than 10,000.

use direct intervention in currency markets as a means of supporting sterling, rather than increase base rates - at least until UK trade figures are released at the end of the month.

Table with columns: Strike, Call-Settlements, Put-Settlements, Price, Bid, Offer, etc. for various futures contracts.

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Table with columns: Strike, Call-Settlements, Put-Settlements, Price, Bid, Offer, etc. for various futures contracts.

£ IN NEW YORK

Table showing exchange rates for £ in New York, including Spot, 1 month, 3 months, and 12 months rates.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit Rates for various countries like Belgium, France, Germany, etc.

STERLING INDEX

Table showing Sterling Index values for various dates and currencies.

POUND SPOT-FORWARD AGAINST THE POUND

Table showing Pound Spot-Forward Against the Pound rates for various currencies.

LONDON (GILF)

Table showing London Gilf rates for various futures contracts.

CHICAGO

Table showing Chicago market rates for various futures contracts.

JAPANESE YEN (YEN)

Table showing Japanese Yen (Yen) market rates for various futures contracts.

CURRENCY RATES

Table showing various currency rates for different countries and currencies.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

Table showing Dollar Spot-Forward Against the Dollar rates for various currencies.

THREE MONTH STERLING

Table showing Three Month Sterling market rates for various futures contracts.

U.S. TREASURY BILLS (BOND)

Table showing U.S. Treasury Bills (Bond) market rates for various futures contracts.

THREE-MONTH EURO-DOLLAR (BOND)

Table showing Three-Month Euro-Dollar (Bond) market rates for various futures contracts.

CURRENCY MOVEMENTS

Table showing Currency Movements for various currencies and their respective changes.

EURO-CURRENCY INTEREST RATES

Table showing Euro-Currency Interest Rates for various currencies and maturities.

THREE MONTH EURO-DOLLAR

Table showing Three Month Euro-Dollar market rates for various futures contracts.

U.S. TREASURY BILLS (BOND)

Table showing U.S. Treasury Bills (Bond) market rates for various futures contracts.

THREE-MONTH EURO-DOLLAR

Table showing Three-Month Euro-Dollar market rates for various futures contracts.

MONEY MARKETS

London rates lower

YESTERDAY'S economic data on retail sales and production costs left the London money market in a relaxed mood.

interbank banks were facing a major corporate tax deadline. Segment was also affected by further operations by the Bundesbank in currency markets...

FT LONDON INTERBANK FIXING

Table showing FT London Interbank Fixing rates for various currencies.

MONEY RATES

Table showing Money Rates for various currencies and maturities.

OTHER CURRENCIES

Table showing Other Currencies rates for various countries and currencies.

EXCHANGE CROSS RATES

Table showing Exchange Cross Rates for various currencies.

NEW YORK

Table showing New York market rates for various futures contracts.

LONDON MONEY RATES

Table showing London Money Rates for various currencies and maturities.

UK clearing bank base lending rate

UK clearing bank base lending rate from August 25 at 8%.

with a take up of Treasury bills

with a take up of Treasury bills amounting to £184m. These were more than offset by Exchequer transactions...

in Paris, the Bank of France

in Paris, the Bank of France left its money market intervention rate unchanged.

Recent pressure on the

Recent pressure on the French franc - touching a record low against the D-Mark - led some traders to suggest...

Short-term interest rates in

Short-term interest rates in Frankfurt were high, as com-

EUROPEAN OPTIONS EXCHANGE

Table showing European Options Exchange data for various currencies and options contracts.

BASE LENDING RATES

Table showing Base Lending Rates for various banks and currencies.

ANNOUNCEMENT: Compagnie Financiere Sucre et Denrees is pleased to announce that its subsidiary Merkuria Sudden, leading force in the commodities trade, is taking steps to strengthen and develop its presence in the coffee and fertilizer markets.

MIKUN'S CREDIT RATINGS: Financial Information Service on Japanese Corporate Issuers. on about 4,000 bond issues and about 1,000 short-term notes. Cost: US\$ 3,300 per year.

Quality PROMOTIONAL GIFTS: Send this advertisement attached to your company letterhead for a FREE DESIGN incorporating your logo. Key Rings, Paperweights, Cuff Links, Enamel Badges.



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing authorized unit trusts with columns for Name, Class, and Price.

Table listing unit trusts under the heading 'Abney Unit Trusts Ltd (01000)'.

Table listing unit trusts under the heading 'Abneth Management Ltd (01000)'.

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Prize puzzles: Solvers are reminded that during the current postal delays prize puzzle solutions must be faxed to 01-238 9784 or teleaxed to 894-8771.

I.G. INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD Tel: 01-828 7233/5699 Reuters Code: IGIN, IGIO

FT 30 Sep. 1395/1404-4 FTSE 100 Sep. 1757/1747-3 WALL STREET Sep. 2063/2075-4 Dec. 1411/1420-4 Dec. 1757/1767-3 Dec. 2081/2093-4

Prices taken at 5pm and change is from previous close at 9pm

JOTTER PAD

CROSSWORD

No. 6,732 Set by FRESCA

Crossword puzzle grid with numbers 1-27.

- ACROSS: 1 Smelling sweet, it makes one think about Mum (8) 5 Number one tea brewer putting work first (8) 9 One doctor holds favourite soldier back - skin trouble? (8) 10 American island retreat capable of exploitation (6) 11 Turning inside out? Always can - by force (8) 12 Live, a little bird departed hurriedly (4,2) 14 Parliamentarian observed cutting grass - recalled (10) 18 Custodian: one noising about cattle (4,4) 22 Many dances extremely pretty - though considerably ruffled surface-wise (6) 23 Firing one and possibly noting one (8) 24 Artist breaking spy's spirit (6) 25 Inspiration falling - FA's fault? (8) 26 Untidy state of nature? (6) 27 Fictional rogue's rat filled with powder by Frenchman (8) DOWN: 1 Quiet old poet's first book (6) 2 Doll with lots of hair to fondle (6) 3 Nod the head at end of lecture (6)

HALLEIGENBERG CATERMARRATE EKETETI ANDS GREEDING RUPPORENE GRAM HERTPI GATE ALLEATION HERTPIA OVERTON FINEH STURM UBI STOMATA PINTAO E MCLACTO BOTTLEOPENER

Main table of unit trust information with columns for Name, Class, Price, and other details.

GUIDE TO UNIT TRUST PRICING. The data included under the Authorized section of the FT Unit Trust Information Service is provided to improve the service to readers and to conform with the current practice of the industry. These represent the marketing, administrative and other costs which have to be paid by the investor. The charges are included in the price when the customer buys the units. The price at which units may be bought. The price at which units may be sold. The maximum spread between the offer and bid price is determined by a formula laid down by the Financial Times. In practice, unit trusts managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be equal to the cancellation price in circumstances in which there is a large excess of orders over offers. The table shows alongside the fund manager's name the class at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol appearing in the individual unit trust name. The symbols are as follows: 9 - 0001 to 1100 hours; 4 - 1101 to 1400 hours; 4 - 1401 to 1700 hours; 9 - 1701 to 1800 hours. The letter H denotes Unit prices are set on a historic basis. This means that, unless there has been an intervening portfolio reallocation, investors can normally buy and sell units today at the prices appearing in the newspaper which have been set on the basis of yesterday's price. FORWARD PRICING: The letter F denotes that prices are set on a forward basis so that investors can be given a definite price in advance of the purchase or sale being carried out. The price shown in the newspaper shows the price at which units were carried out yesterday. Other explanatory notes are contained in the last column of the FT Unit Trust Information page.

Handwritten signature: J. J. J.



Handwritten note: "لا، لا، لا"

FT UNIT TRUST INFORMATION SERVICE

Main table containing financial data for various unit trusts, including columns for Name, Investment Objective, and other details. The table is organized into sections like 'INSURANCES' and 'OTHER UK UNIT TRUSTS'.

INSURANCES

Detailed table listing insurance-related unit trusts, including names like 'AA Prudential Society' and 'Black Horse Life Ass. Co Ltd', along with their respective investment objectives and performance metrics.

OTHER UK UNIT TRUSTS

Table listing other UK unit trusts, including names like 'British Gifted & Co Ltd' and 'Charities Official Invest. Funds', with their investment objectives and details.

Continued on next page



FT UNIT TRUST INFORMATION SERVICE

Main table containing unit trust information, organized into columns for various categories like 'Life & Pensions', 'Property', 'Equity', and 'Fixed Income'. Each entry includes the name of the trust, its manager, and various performance metrics.

MANAGEMENT SERVICES

Table listing management services provided by various firms, including names like 'The Analysts Group' and 'The British Group'.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas unit trusts, including names like 'Allied Bank International Fund' and 'The British Fund'.

Handwritten note at the bottom center: 'دبي، الإمارات العربية المتحدة' (Dubai, United Arab Emirates).



FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Price, Yield, and other financial metrics.

Table of London Share Service, categorized into British Funds, Foreign Bonds & Rails, and Americans, with columns for Name, Price, Yield, and other financial metrics.

OTHER OFFSHORE FUNDS

Table of Other Offshore Funds, listing various offshore investment funds with columns for Name, Price, Yield, and other financial metrics.

Table of Money Market Trust Funds, listing various money market funds with columns for Name, Price, Yield, and other financial metrics.

Table of Money Market Bank Accounts, listing various bank accounts with columns for Name, Price, Yield, and other financial metrics.

Handwritten note: "Just in case"

Vertical text on the left margin: "Want sales Cala 0.85m", "NOTICE", "NOTICE"

Vertical text on the right margin: "Continued on next page", "UNIT TRUST NOTES", "Money Market Bank Accounts"



LONDON SHARE SERVICE

AMERICANS - Contd

Table with columns: 1988, 1987, Stock, Price, Div, Yld, PE. Includes companies like Texas Instr, Time Inc, Trans World, etc.

CANADIANS

Table with columns: 1988, 1987, Stock, Price, Div, Yld, PE. Includes companies like Alcan, Bell Canada, Canadian National, etc.

BANKS, HP & LEASING

Table with columns: 1988, 1987, Stock, Price, Div, Yld, PE. Includes companies like Citicorp, First Nat, etc.

Hire Purchase, Leasing, etc.

Table with columns: 1988, 1987, Stock, Price, Div, Yld, PE. Includes companies like Hire Purchase, etc.

BEERS, WINES & SPIRITS

Table with columns: 1988, 1987, Stock, Price, Div, Yld, PE. Includes companies like Heineken, Carlsberg, etc.

BUILDING, TIMBER, ROADS

Table with columns: 1988, 1987, Stock, Price, Div, Yld, PE. Includes companies like Balfour Beatty, etc.

BUILDING, TIMBER, ROADS Contd

Table with columns: 1988, 1987, Stock, Price, Div, Yld, PE. Includes companies like Bovis Lend Lease, etc.

CHEMICALS, PLASTICS

Table with columns: 1988, 1987, Stock, Price, Div, Yld, PE. Includes companies like ICI, etc.

DRAPERY AND STORES

Table with columns: 1988, 1987, Stock, Price, Div, Yld, PE. Includes companies like Debenhams, etc.

BUILDING, TIMBER, ROADS

Table with columns: 1988, 1987, Stock, Price, Div, Yld, PE. Includes companies like Bovis Lend Lease, etc.

ELECTRICALS

Table with columns: 1988, 1987, Stock, Price, Div, Yld, PE. Includes companies like British Telecom, etc.

FOOD, GROCERIES, ETC

Table with columns: 1988, 1987, Stock, Price, Div, Yld, PE. Includes companies like Asda, etc.

HOTELS AND CATERERS

Table with columns: 1988, 1987, Stock, Price, Div, Yld, PE. Includes companies like Whitbread, etc.

INDUSTRIALS (Misc.)

Table with columns: 1988, 1987, Stock, Price, Div, Yld, PE. Includes companies like British Airways, etc.

ENGINEERING - Contd

Table with columns: 1988, 1987, Stock, Price, Div, Yld, PE. Includes companies like BAE Systems, etc.

INDUSTRIALS (Misc.) - Contd

Table with columns: 1988, 1987, Stock, Price, Div, Yld, PE. Includes companies like British Airways, etc.

INDUSTRIALS (Misc.)

Table with columns: 1988, 1987, Stock, Price, Div, Yld, PE. Includes companies like British Airways, etc.

INDUSTRIALS (Misc.) - Contd

Table with columns: 1988, 1987, Stock, Price, Div, Yld, PE. Includes companies like British Airways, etc.

INDUSTRIALS (Misc.) - Contd

Table with columns: 1988, 1987, Stock, Price, Div, Yld, PE. Includes companies like British Airways, etc.

INSURANCES

Table with columns: 1988, 1987, Stock, Price, Div, Yld, PE. Includes companies like Aviva, etc.

INDUSTRIALS (Misc.) - Contd

Table with columns: 1988, 1987, Stock, Price, Div, Yld, PE. Includes companies like British Airways, etc.

INDUSTRIALS (Misc.) - Contd

Table with columns: 1988, 1987, Stock, Price, Div, Yld, PE. Includes companies like British Airways, etc.

LEISURE

Table with columns: 1988, 1987, Stock, Price, Div, Yld, PE. Includes companies like British Airways, etc.

Handwritten note in Arabic script: "بیتا، من لاجل"







FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Monday September 12 1988, Index No., Day's Change, Est. Earnings, Gross Div. Yield, Est. P/E Ratio, etc.

Table with columns: FIXED INTEREST, PRICE INDICES, Mon Sep 12, Day's change, Fri Sep 9, etc.

Opening Index 1746.5; 10 am 1747.5; 11 am 1745.2; Noon 1744.2; 1 pm 1744.5; 2 pm 1744.5; 3 pm 1743.5; 3.30 pm 1743.0; 4 pm 1743.5

RISES AND FALLS YESTERDAY

Table showing Rises and Falls for British Funds, Corporate Bonds, etc.

LONDON RECENT ISSUES

Table with columns: Issue, Amount, Date, High, Low, etc.

FIXED INTEREST STOCKS

Table with columns: Issue, Amount, Date, High, Low, etc.

RIGHTS OFFERS

Table with columns: Issue, Amount, Date, High, Low, etc.

TRADITIONAL OPTIONS

Table with columns: Issue, Amount, Date, High, Low, etc.

LONDON TRADED OPTIONS

Large table with columns: Option, Calls, Puts, etc.

BARCLAYS HOME MORTGAGE RATE. Barclays Bank PLC announces that on and after 13th September 1988, Barclays Home Mortgage Rate will be increased from 11.8% to 13% per annum.

COMPANY NOTICES. JENVA LANDFILL PLC. Rights issue of 1,180,000 Ordinary Shares of 10p each at 80p per share.

CONFERENCE AND INCENTIVE TRAVEL. The Financial Times proposes to publish a Survey on the above on 4th October 1988.

Grainger Trust p.l.c. Acquisition of Channel Hotels and Properties (UK) Limited.

FINANCIAL TIMES CITYLINE. 0898-123456. Straight to the heart of the City.

THE LEGAL PROFESSION. The Financial Times proposes to publish this survey on: Thursday, 20th October 1988.

KUNICK PLC. Issue of 10,300,000 7 pence Convertible Cumulative Redeemable Preference shares of 5p each at £1 per share.







COMMODITIES AND AGRICULTURE

Oilseed processors seek to reverse EC decision

By Tim Dickson, in Brussels

A GROUP of leading oilseed-processing businesses has asked the European Court of Justice to overturn a recent decision by the European Commission which they claim is likely to cost them at least Ecu24m.

The group comprises 23 companies, among them the Dutch, French, Belgian and British subsidiaries of the giant Cargill group, Erith of the UK, Cédol of France and ADM of West Germany.

It claims EC authorities in Brussels acted illegally this June in the way they cut the level of EC aid for processing oilseeds.

The payments, as with many other supports under the Common Agricultural Policy, are usually fixed a couple of months ahead of the processing and are handed over to recipients when processing is undertaken.

They are designed to bridge the gap between the price of oilseeds which companies have to pay in Europe and the lower price obtainable on world markets.

This world market price was rising sharply this year, on news of the US drought, thereby requiring sizeable adjustments in the aid level by policy-makers in Brussels.

The dispute centres on the commission's decision on June 8 to suspend temporarily the so-called advance fixing of oilseed-processing aid and to refuse certificates to the many companies which had applied for payment at the old level on June 7.

The aggrieved processors have not only started proceedings in the court in Luxembourg but have asked for interim measures, the equivalent of an injunction in Britain.

They say the retrospective action was illegal and that the commission used an uncorrected French-language version of the relevant EC rule.

In particular, they say that pending applications, the aid can only be rejected in the event of a suspension if there has been a mistake in publication of previous figures or if there is a risk of monetary distortion in the member states. Neither condition was met, it was said.

Yesterday the group's lawyers, De Brauw and Westbrook, said many processors had not been able to produce at a profit since June.

For example, the aid payment previously received had at times in the past few weeks been less than half the Ecu22.5 per 100kgs on June 7 and, at the end of last month, was just more than Ecu16 per 100kgs.

"We have made a very conservative calculation that it will cost the parties Ecu24m," the lawyers said.

Australia cuts wheat credit to Egypt

By Tony Walker in Cairo

AUSTRALIA IS to phase out credit sales of wheat to Egypt because of concern at its A\$1bn exposure to the Egyptian market.

The Australian Government became alarmed at Egypt's ability to continue servicing debts, even to high-priority creditors such as grain exporters. Egypt imports 75 per cent of its wheat.

Canberra hopes to cut the volume sold on credit in the next three years to the point where all Egypt's payments will be made in cash by 1992.

The Australian Wheat Board has pressed Egypt to pay for more in cash. Egypt is one of Australia's biggest markets.

Australia agreed, in a five-year deal to the end of next year, to supply Egypt with 10m tonnes. The grain is supplied on standard three-year credit terms at commercial interest rates.

Board officials say Egypt has managed, with only minor delays, to pay instalments on its credits. However, the Government is anxious to restrain exposure to Egypt.

About A\$400m owed to the board was among the US\$8bn of government and government-guaranteed loans to Egypt rescheduled in May last year at the Paris Club.

A board delegation is expected to visit Egypt next week for talks on last week's Cabinet decision.

Mr Atif Dardeer, of the authority, said Minex was continuing its feasibility studies of rock samples that indicated deposits of, on average, 11 grams of gold per tonne of ore.

Mr Dardeer said he was very optimistic that the Minex find would lead to commercial operations.

The British company signed an exploration and production-sharing agreement with Egypt in late-1985, to search for gold in a 3,000 sq km area near Barramiya, in the Eastern Desert, about 600km south-east of Cairo.

Minex is also looking for associated minerals, that is silver, platinum, zinc and copper.

Desert, about 600km south-east of Cairo.

Wheat harvest has a golden grain

A disappointing crop may yet climb the world 'mountain'

IF ALL the wheat we grew on this farm this year yielded as well as the best, I would have been moderately happy. But it didn't and I'm not.

I am, of course, relieved to have finished harvest. However, as the combine completed the last field of grain at the weekend I reflected on the mainly mediocre yields it had gathered over the previous few weeks and puzzled over the incredible variability of this year's crops.

Some of that variability was explained by the view from the combine-driver's seat. It was clear looking into many crops as the machine cut its way through, that there were insufficient plants to produce what we have come to regard as optimum yields.

The reason could be traced to last autumn when seeds were planted in a zone by the North American drought.

Reports from farmers in most other parts of Britain tell a similar story. Last week's spell of fine weather in the south and east allowed many few seeds to germinate, but few are fully sited with the quantity of grain in their barn.

Meanwhile, in Scotland and the north most of the harvest is still to be done.

Some pundits, in expectation of a better crop being secured, are presenting unofficial estimates for the total UK wheat crop this year at between 12m tonnes and 12.5m tonnes.

If that figure were to prove correct, there should be no problem in disposing of it.

One of the biggest markets for UK-grown wheat is that for flour to make bread for domestic consumption.

However, the magnitude of the demand is a relatively new phenomenon made possible by introduction from the 1960s of new baking methods and improved varieties of wheat which do well in our temperate climate.

Previously, the UK imported at least 75 per cent of its bread-wheats from countries including Canada and the US.

Today the ratio has been reversed. Most UK bread contains at least 75 per cent to 80 per cent of home-grown wheat-flour.

Farmers hoping to sell to millers at premium prices which are now between £11 and £15 a tonne over feed-wheat, now worth about £106 a tonne ex-farm, have to satisfy buyers on three main criteria:

• The wheat must have a specific weight of at least 70kg per hectolitre so that the miller will be assured of the amount of flour which can be milled from it.

• A lower specific weight indicates more husk and less starch in each grain.

• Bread-wheat should contain at least 11 per cent protein. This enables the starch to absorb more water than would a lower protein content.

The loaf it goes to make will then keep longer and stay fresher on the supermarket shelf. In France, where bread is baked fresh every morning, this check is less important.

Weather hits US soybeans

By Nancy Dunne, in Washington

CONTINUING HOT weather further devastated the US soybean crop, so that rain in some areas helped only marginally, forecasters said yesterday, ahead of the US Department of Agriculture's crop report.

Signs of damage were reported, too, from a plague of spider mites wreaking havoc on soybeans in Iowa.

With less than a month's supply of soybeans on hand for next year, the US is expected to import soybeans. Supplies are plentiful in Latin America, and foreign oilseed output is expected to hit a record 153.7m tonnes, up 6 per cent on last year.

Mr Conrad Leslie, a respected private forecaster, noted a slight improvement in the US maize crop. His prediction for the month, based on September 1 conditions, raised his forecast for August from 4.282bn bushels to 4.442bn bushels.

He said there had been rain in the Eastern corn belt, less acreage abandoned by farmers than previously reported; and, less damage to the maize crop than seen a month ago.

Both Leslie estimates for August and September were lower than USDA's August estimate, 4.47bn bushels, which had been thought conservative.

Mr Leslie also raised his estimates for soybeans, to 1.46bn bushels, just a bit lower than USDA predicted last month.

However, other experts disagreed. Mr Bill Helming, a Kansas farm analyst, and Mr Peter Levitt, president, Massachusetts Weather Service Corporation, predicted a soybean crop of 1.4bn bushels and 1.44bn bushels, respectively.

Analysts do not expect a big change in wheat estimates. Last month USDA said Durum wheat output was down 41 per cent on last year, at 54.6m bushels, and that imports would be required.

Winter wheat output, which accounts for the bulk of US wheat production, totalled 1.55bn bushels, about the same as last year.

Tighter stocks, resulting from drought, are expected to mean a smaller acreage-cut programme next year, as the US begins to rebuild inventories.

However, the forecast said chances of an exceptionally good harvest fell over the past month because of frost. It compared with the 1987-88 crop of 12.44m tonnes, from a 9.07m-ha area and was well above the latest Bureau of Agricultural and Resource Economics estimate of 13.95m tonnes, issued on August 16.

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Minex finds gold in Egyptian desert

By Tony Walker

MINEX OF THE UK, a prospecting and mining company, has found gold in commercial quantities in Egypt's Eastern Desert, the Egyptian Geological Survey Authority said.

Mr Atif Dardeer, of the authority, said Minex was continuing its feasibility studies of rock samples that indicated deposits of, on average, 11 grams of gold per tonne of ore.

Mr Dardeer said he was very optimistic that the Minex find would lead to commercial operations.

The British company signed an exploration and production-sharing agreement with Egypt in late-1985, to search for gold in a 3,000 sq km area near Barramiya, in the Eastern Desert, about 600km south-east of Cairo.

Minex is also looking for associated minerals, that is silver, platinum, zinc and copper.

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Indian coffee output next year forecast as record

Planners and exporters are discussing problems facing Indian commodities, including coffee, at a two-day conference which started in Coimbatore yesterday.

Mr K.A. Arappa, for the planners, said the crop's growth would create big problems for growers, because of stagnant domestic consumption, of about 60,000 tonnes, and an International Coffee Organisation quota for India of 54,000 tonnes for 1988-89.

He said the best way to sell 90,000 tonnes in the international market, including sales to non-quota countries.

Mr Arappa, a senior official of the United Planters Association of South India, said planters faced disposal of excess output.

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Slow start to cocoa talks' second week

By David Blackwell

THE SECOND week of talks by delegates at the International Cocoa Organisation (ICCO) started slowly in London yesterday, with little sign problems would be solved.

Last week consumer delegates said they were keen to get two big issues out of the way early - the row over the organisation's price-defence mechanism and the question of arrears on levies.

Mr Peter Baron, consumer delegates' spokesman, believes that if these two issues are settled, answers to any other problems will fall into place.

However, producers have shown no sense of urgency in the talks and all points to a late-night closing session on Friday if problems are to be unscrambled.

Yesterday morning producers failed to agree on their response to the recommendations of the advisory panel established to sort out the question of price adjustments. The row began last March. Prices have since fallen so low that any resolution would appear academic.

The panel of five, just before the current talks, decided by a majority of one that the prices to be defended by ICCO should have been cut automatically this year by 115 Special Drawing Rights, to a range of 1,370SDRs to 2,040SDRs a tonne. Last night the ICCO indicator price stood at 1,009.81SDRs a tonne.

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WORLD COMMODITIES PRICES

LONDON MARKETS

Table with columns: Commodity, Close, Previous, High/Low. Includes COCOA, RUBBER, and various oils.

SPOT MARKETS

Table with columns: Commodity, Price. Includes Brent, WTI, and various fuels.

SOYBEAN MARKET

Table with columns: Commodity, Price. Includes Soybean Meal, Soybean Oil, and various grades.

GRAIN MARKET

Table with columns: Commodity, Price. Includes Wheat, Barley, and various grades.

LONDON METAL EXCHANGE

(Prices supplied by Assamalgated Metal Trading)

Table with columns: Commodity, Price. Includes Aluminium, Copper, Lead, Nickel, Tin, Zinc, Silver.

POTATOES

Table with columns: Commodity, Price. Includes various potato grades.

SOYBEAN MEAL

Table with columns: Commodity, Price. Includes various grades of soybean meal.

GRAIN MARKET

Table with columns: Commodity, Price. Includes Wheat, Barley, and various grades.

US MARKETS

PRECIOUS METAL PRICES

Table with columns: Commodity, Price. Includes Gold, Silver, Platinum, Palladium.

NEW YORK

Table with columns: Commodity, Price. Includes Gold, Silver, and various metals.

PLATINUM

Table with columns: Commodity, Price. Includes various grades of platinum.

SILVER

Table with columns: Commodity, Price. Includes various grades of silver.

CHICAGO

SOYBEAN MEAL

Table with columns: Commodity, Price. Includes various grades of soybean meal.

SOYBEAN OIL

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WHEAT

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LIVE CATTLE

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WORLD STOCK MARKETS

Table of world stock markets including sections for Austria, Germany, Italy, Netherlands, and Switzerland, listing various stocks and their prices.

Table of Canadian stock markets including sections for Toronto and Montreal, listing various stocks and their prices.

Table of Japanese stock markets listing various stocks and their prices.

Table of Nasdaq over-the-counter market listing various stocks and their prices.

Table of stock indices including sections for New York, Australia, and other regional indices.

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NEW YORK STOCK EXCHANGE COMPOSITE PRICES

4pm prices September 12

Table of stock prices with columns for 12 Month High/Low, Stock Name, P/E Ratio, Dividend Yield, and Close Price. Includes a small illustration of a cowboy on a horse in the bottom left corner.

Continued on Page 45

Handwritten Arabic text: كذا من الأصل

Vertical text on the right edge of the page, including '12 ISSUE' and other illegible text.



NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for stock name, price, and change. Includes sub-sections like 'Continued from previous page' and 'Over-the-counter'.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, and change. Includes sub-sections like 'Over-the-counter'.

OVER-THE-COUNTER

Table of Over-the-Counter prices listing various stocks with columns for stock name, price, and change. Includes sub-sections like 'Over-the-counter'.

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AMERICA

# Dow rises slightly in thin volumes before trade data

Wall Street

THE WEEK began with modest gains for equities in quiet trading while bonds were weak, writes Janet Bush in New York.

The major event of the week is expected to be the release tomorrow of US merchandise trade figures for July which are expected to show seasonally adjusted deficit of \$1.5bn compared with \$1.2bn in June, according to a consensus of forecasts compiled by Money Market Services of Redwood City, California.

The Dow Jones Industrial Average closed 3.56 points higher at 2,972.37 in volume of only 115m shares, one of the quietest days of the year.

On the bond market, prices had stood virtually unchanged at the short end of the yield curve and up to 1/4 point lower in longer-dated maturities. However, by late trading, prices had slipped further and long-dated maturities were quoted 1/2 point lower.

The yield on the Treasury's benchmark 30-year note jumped back above 9 per cent after dipping briefly below that level last Friday and early yesterday. In late trading, the yield stood at 9.04 per cent.

Among featured stocks yesterday was Monsanto which plunged 37 1/2 to 37 3/4 after a Federal court jury decided to award \$2.75m in a case involv-

ing the Copper-7 intra-uterine device manufactured by the company's G D Searle subsidiary. A flood of further suits against Monsanto could be in prospect now that this precedent has been set.

Macmillan was also in the spotlight, rising 1/4 to \$34. Macmillan has agreed to a \$85 share leveraged buyout offer from Kohlberg Kravis Roberts. This betters the proposal by UK-based Maxwell Communications to raise its offer to \$84 a share from \$80 a share previously.

Interco added 1 1/2 to \$71. A group of investors led by the Rales brothers of Washington DC said it would be prepared to raise its offer for the company to \$72 a share from \$70 if Interco was prepared to release certain documents.

First Maryland Bancorp jumped 5 1/2 to \$33 1/2 in over-the-counter trading after Allied Irish Banks offered to acquire 50.3 per cent of the company that it does not already own for \$35.25 a share.

Artemek fell 3/4 to \$45 1/2 after the company said it had reached a definitive agreement to be acquired by Mark IV Industries for \$46 a share. Mark IV slipped 1/4 to \$10 1/2.

Dow Jones fell 1 1/2 to \$33. Its third quarter earnings have been hit by losses in advertising revenue and will be below \$2.9m or 38 cents achieved a year ago. Reuters Holdings

ADRs, traded on the over-the-counter market, added 1/4 to \$23 1/2.

United Telecommunications, one of the most actively traded stocks on the New York Stock Exchange, added 1 1/2 to \$37. The company said its US Sprint joint venture with GTE would record a third quarter pre-tax loss of no more than \$5m compared with the loss of \$165m a year earlier. GTE rose 3/4 to \$42 1/2.

CNW, the railroad holding company covering the Chicago and north-west regions, added 1/4 to \$27 1/2. Congress passed legislation which settled a dispute about crew sizes and ended a strike which had threatened to close down the company's railroad operations.

Crude oil prices fell below the \$14 a barrel mark yesterday on the New York market. The exchange and oil stocks weakened. Exxon slipped 1/4 to \$44 and Mobil edged 1/4 lower to \$42 1/2.

Canada

Canada

FALLING golds, energy issues and base metals dragged share prices down in Toronto during quiet trading.

The composite index, which had dropped about 20 points in earlier trading, fell 13.3 to 2,852. Dividends led advances by 494 to 261 on volume of 17.5m shares.

# Oslo's gains disappear into the yield gap

Karen Fossli looks at trading trends in the smallest of the Scandinavian markets

THE Oslo stock market, unable to recover to the lofty levels experienced before Black Monday, is suffering from a lack of long-term shareholder commitment, competition from high-yielding bonds and a marked lack of liquidity.

The furthest ahead that investors are looking is nine months, and the best scenario during that time-frame is a flat to slightly better index, according to analysts.

The contrast with its Nordic cousin, Sweden, is pronounced. Sweden is a very liquid market with net borrowings "next to nothing," says Mr Tim Youngman, analyst at SBCI Savory Millin, while Norway "is very highly geared with net borrowings equivalent to well over 100 per cent of shareholders' funds."

Sweden is also supported by long-term institutional investors. In Norway, by contrast, institutional investors reduced their share of the equity market from 17.7 per cent at the end of 1986 to 15.9 per cent at the end of 1987, according to a report by Christiania Bank.

It is thought that there has been divestment by the banks,

according to Mr Ole Gladhaug, head of Christiania's securities division. The banks have cut their equity portfolios to account for 4.9 per cent of the market now from 5.9 per cent just before the crash. On the other hand, life insurance companies and mutual funds have raised their portfolios to 3.4 per cent and 4.3 per cent respectively from 2.3 per cent and 2.5 per cent pre-crash.

Between the end of 1986 and the end of last year, foreigners' shareholdings in Oslo rose from 21.4 per cent to 22.3 per cent. The problem is that these tend to be short-term commitments only.

The share of the market held by manufacturers, shipping and investment companies has remained level at about the current 30.8 per cent for the past four years.

Individual shareholdings rose from 21.6 per cent to 22.5 per cent at the end of last year. Small investors have held onto their strong market position in spite of the crash and economic austerity measures in the middle of last year, which included a freeze on dividend increases, wages and prices

and the introduction of a share turnover tax.

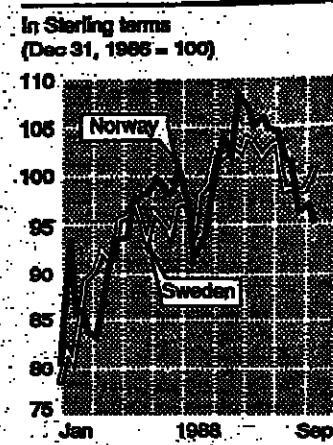
Mr Gladhaug says that there was selling by individuals after the crash, but their share of the market had built up so strongly during 1987 that it still ended the year higher than 1986. However, the 1986 figure was some way below the share of 26.9 per cent held by individual investors in 1984.

He maintains that there will be little chance of a recovery in the Oslo stock market as long as the dividend yield gap remains so wide. The gap is currently about 11.2 per cent, with government bonds yielding 15.8 per cent and the effective yield on shares at an aggregate 2.6 per cent.

Another trend that has depressed share prices has been identified by Christiania as the decrease in cross-holdings - shares held by one listed company in another.

In 1985 cross-holdings accounted for about 22.8 per cent of the market. By the end of 1987, that figure had fallen to 18.7 per cent. Increases in interest rates meant companies could no longer afford to fund their holdings, and they faced

FT-A World Indices



spate of rights issues and the climbing interest rates which characterize Oslo.

He also believes liquidity is a problem. "The government policy is obviously designed to squeeze the domestic economy, which means there's not much money about."

Although Kleinworth Griverson thinks the market is cheap, it is not buying aggressively in the short-term. However, it believes that when things do change - and that may take some time - they will change fast, so it's best to take a position now rather than when it may become more difficult.

"We fundamentally believe in the market, but we are not overly-aggressively bullish as we have been."

For the rest of this year the market is dependent on external factors, Mr Honnor says. "A weak oil price doesn't help in terms of foreign sentiment towards Norway because Norway and oil go hand-in-hand, and this affects a large number of Norwegian stocks."

ASIA PACIFIC

# Nikkei rallies modestly as interest rate fears recede

Tokyo

STABLE interest rates overseas and lower crude oil prices helped share prices stage a modest rally yesterday on slightly lower volume, writes Michiko Nakamura in Tokyo.

The Nikkei average rose 109.64 to 27,756.74 on turnover of 768m shares, down moderately from Friday's 784.6m. The day's high was 27,758.97 and the low 27,638.79. Advances outnumbered declines by 508 to 382 with 189 issues unchanged.

In London, Japanese shares continued to climb, with the ISE/Nikkei 50 index rising 3.83 to 1797.09.

Investors in Tokyo remained somewhat wary pending the release of the July US trade deficit figures, due tomorrow. Japanese merchandise trade figures for August, published after the market closed, revealed an unexpected fall in the surplus, which could lead to renewed pressure on the yen, analysts said.

Nevertheless, trading on the equities market was active enough to suggest a return of some confidence.

As fears of rising interest rates in Japan receded for the time being, demand centred on large capital steel stocks, bouncing off to shipbuilding and later to blue chip high-tech issues.

Volume in steel and shipbuilding issues was not high but prices rose as investors held on to those stocks in the expectation of further share price gains in the near future.

Among steels, Kawasaki Steel, the most heavily traded issue, rose 136m shares, gained Y23 to Y71. Nippon Steel, the second most active stock with 97.5m shares dealt, added Y28 to Y74.5. NKK, third busiest with 80.7m shares, gained Y23 to Y71.5. Nisshin Steel also rose, finding Y50 to Y1,290.

Shipbuilding issues were

sought on the basis of recent underperformance. Mitsui Engineering and Shipbuilding rose Y31 to Y631 while Hitachi Zosen gained Y35 to Y440.

Blue chips such as Hitachi and Toshiba also advanced, with the former up Y60 to Y1,710 and the latter Y40 higher at Y1,090.

Construction companies benefited in part from expectations of improved profits as a result of planned extensions of rapid transit and railway lines - from Tokyo to Narita airport, and from Tokyo to Tsukuba - as well as a trans-Tokyo Bay Road.

Ohbayashi led the construction sector higher with an increase of Y38 to Y957. Construction put on Y28 to Y931, while Shimizu advanced Y30 to Y1,020.

The bond market moved narrowly throughout the day. The yield on the benchmark 106th bond finished at 5.175 per cent in large-lot trading. It was down 0.05 of a point but later fell slightly further in inter-dealer activity.

The Osaka market was relatively buoyant, with the OSE average up 130.88 at 26,572.12. Volume rose to 95m shares from Friday's 62m. Kawasaki Steel was the most actively traded issue in Osaka at 1.1m shares and rose Y23 to Y780. Nippon Mining, the second most heavily traded, was up Y20 to Y955.

HK\$390m on Friday. Yesterday's trading was the lowest since September 15, 1986.

The All Ordinaries index dropped 20 cents to HK\$7.10 and Hongkong Land fell 10 cents to HK\$7.95. Hongkong Bank lost 5 cents to HK\$6.

AUSTRALIA was knocked by the fall in the bullion price, with declines among resource stocks leading the way down. The All Ordinaries index dropped 28.3 points to 1,517.2.

Institutions stayed on the sidelines amid fears of further falls and in the absence of a firm lead from overseas.

Leading miners suffered, with CRA off 40 cents at A\$8.20 and Western Mining down 28 cents at A\$4.90. Among golds, Metana lost 30 cents to A\$6, Emperor 25 cents to A\$4.20 and Placer Pacific 16 cents to A\$2.02.

FAI Insurance, one of the worst performers last week with a 9 per cent drop, regained some ground, closing up 5 cents at A\$3.75.

SINGAPORE ended almost unchanged after a session marked by sporadic bargain-hunting and profit-taking, with the Straits Times industrial index up 1.92 at 1,065.45.

The financial sector, which last week fell by 3 per cent, ran into further profit-taking, with the banks OCBC and DBL losing 10 cents each to S\$7.65 and S\$8.05, respectively.

The market is expected to remain somnolent for the near-term at least, says Hoare Govett in its latest equity strategy report. "The direction of the market has ceased to be dictated by local factors, with sentiment being influenced by fears of rising interest and inflation rates in the major industrial nations."

TAIWAN fell for the fifth consecutive session, with bank stocks leading the way lower. The weighted index lost 47.68 to 7,581.59.

EUROPE

# Frankfurt leads advance in better turnover

A ROSIER view permeated leading bourses yesterday, though there was no clear trigger for the change in sentiment. Zurich was closed, writes Our Markets Staff.

FRANKFURT saw most of the action, with volume rising to a moderate DM3.26bn worth of domestic shares compared with last week's levels of little over DM2bn.

Shares moved higher on both local and overseas interest, with buying reported from the UK. The motivation appeared to be both technical and fundamental, with some professionals forced to cover short positions as the market revived, and the improved outlook on interest rates encouraging genuine buying.

The bond market was strong again, having rallied throughout last week, and bond yields have retreated to the point where equities are beginning to look more attractive again, said one analyst. Meanwhile the pressure for higher interest rates has faded for the time being, helping companies with high borrowing costs.

The FAZ index at mid-session had climbed 5.08 to 456.24, with the psychological resistance level of 500 once again in sight. It was just off its high for the year of 456.78 on July 8. The DAX index closed up 20.57, or 1.7 per cent, at 1,207.18.

Siemens gained DM14.20 to DM450 and BAW added DM6.80 to DM508.80 as speculation continued over a possible link-up between the two. Siemens also attracted buying on its status as a capital spending stock, likely to benefit from steady interest rates.

Utilities improved on the interest rate theme, as did insurer Allianz, up DM30 to DM142.80, and Deutsche Bank, DM14.20 higher at DM468.

In cars, Daimler powered DM11 ahead to DM682, and VW sped away by DM5.10 to

DM257.10. Engineering stock MAN was up 50 pf to DM198.50 before announcing a full DM1 increase in its dividend to DM5.50.

Bonds gained up to 10 pf, with the yield on the July 1988 federal bond at 6.84 per cent after a 6.85 per cent on Friday.

PARIS appeared to shake off some of its recent worries over interest rates, and share prices ended higher, albeit in relatively low volumes again.

The early firmness of the franc against the D-Mark helped sentiment, after fears of a weekend realignment in the European Monetary System proved misplaced. Trading was somewhat restricted by the wait for the US trade figures tomorrow, but there was little of the panic seen in earlier months before the release of the data.

The CAC General index was off 0.2 at 351.5 and the OMF 50 index rose 2.89 to 354.82. One European analyst said: "The

market seems to be in a better mood, though there's no rhyme or reason to it. Investors just seem to be prepared to look on the bright side."

CF saw heavy trading, and 902,200 shares changed hands, with a single block of 100,000 shares reported. The stock fell 80 centimes to FF134.20.

Agence Havas, active on Friday in response to very thin trading, with the OMF index off 1.26 at 516.19 as the market remained cautious about government moves on the 1989

Budget, public wage settlements, parliamentary reforms and the lira, which is currently under pressure.

The index has fallen 4.3 per cent from its summer peak of 589.29 on August 2.

MADRID fell back as investors sat on the sidelines awaiting the release next Monday of inflation figures for August. The general share index lost 2.18 to 275.98, with banks, chemicals, construction and food stocks all lower.

BRUSSELS rose, with utilities remaining in the spotlight. The cash index added 26.84 to 4,977.1.

Intercom added another BF40 to BF4,455, with 24,360 shares changing hands.

Wire maker Behaert, which announced a 39 per cent rise in interim profits on Friday, closed BF150 up at BF11,500.

HELSINKI closed marginally weaker in thin volume with the Unitas all-share index off 0.3 at 713.9.

Roundup

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SOUTH AFRICA

A DROP in the bullion price led to lower gold share prices in spite of a sharp weakening in the financial rand, which failed to provide much of a floor for losses.

Vaal Beers dropped R11 to R237 and Harties fell 75 cents to R20.25. In mining financials, Anglo lost 75 cents to R31.75.

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

REGIONAL MARKETS	MONDAY SEPTEMBER 12 1988				FRIDAY SEPTEMBER 9 1988				DOLLAR INDEX		
	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)	
Australia (66)	138.08	-2.5	120.70	114.61	4.07	141.65	123.75	116.92	152.31	91.16	169.57
Austria (16)	87.43	-0.3	76.42	83.83	2.50	87.68	76.60	84.02	98.18	83.72	97.31
Belgium (63)	115.76	+0.6	101.19	112.05	4.50	115.03	100.49	111.34	139.89	99.14	129.62
Canada (126)	116.20	-1.3	104.22	104.48	3.33	117.48	101.76	104.55	134.33	101.33	134.33
Denmark (39)	125.51	+0.0	109.72	121.07	2.46	125.50	109.64	121.27	132.72	111.42	115.70
Finland (26)	116.84	+0.6	102.14	107.41	1.60	116.14	101.46	106.78	139.53	106.78	139.53
France (123)	92.56	+0.5	80.91	91.15	3.56	91.75	80.16	90.56	99.62	72.77	114.84
Germany (100)	77.38	+1.3	67.11	74.22	2.49	77.45	66.23	73.45	90.79	70.79	102.93
Hong Kong (46)	100.64	-1.3	87.98	100.91	4.82	101.97	89.08	102.21	111.86	84.90	145.86
Ireland (18)	131.05	-1.0	114.56	127.09	3.73	132.39	115.64	128.69	144.25	104.60	141.90
Italy (130)	70.39	+0.1	61.53	72.49	2.77	70.34	61.46	72.70	81.74	62.99	85.10
Japan (656)	139.29	+0.6	139.25	134.91	0.54	138.88	134.25	134.25	164.47	130.71	161.63
Malaysia (36)	138.93	+0.0	121.44	141.68	2.75	138.87	121.32	141.49	154.17	107.83	178.99
Mexico (13)	150.05	+0.4	131.17	137.87	1.45	149.38	130.50	137.36	180.07	90.07	107.93
Netherlands (38)	102.77	+0.6	89.79	97.60	4.71	102.06	89.17	97.19	110.66	95.25	126.31
New Zealand (20)	117.18	-1.8	82.11	78.04	6.13	117.45	82.29	81.51	144.05	64.42	133.17
Norway (25)	108.46	-0.3	94.82	101.18	2.96	108.84	95.08	101.74	132.25	98.55	177.02
Spain (26)	122.05	-0.2	106.69	114.40	2.40	122.32	106.86	114.73	135.89	97.99	172.51
South Africa (69)	103.68	-1.1	90.63	87.16	4.94	109.27	95.46	87.65	139.07	105.68	184.39
Sweden (43)	138.27	-1.3	127.87	129.05	3.50	138.43	121.22	129.31	164.47	130.71	161.63
Switzerland (35)	116.31	+1.0	101.67	110.24	2.59	115.20	100.54	109.28	125.50	96.92	131.38
Switzerland (55)	74.89	+0.5	65.46	72.12	2.37	74.48	65.07	72.12	86.75	74.13	107.43
United Kingdom (323)	123.10	+0.3	107.61	107.61	4.74	122.73	107.22	107.22	141.18	120.66	152.48
USA (580)	109.05	-0.1	95.32	109.05	3.65	109.11	95.33	109.11	112.47	99.19	151.87
Europe (1009)	101.50	+0.5	88.72	93.85	3.79	100.99	88.23	93.50	110.82	97.01	126.44
Pacific Basin (670)	156.75	+0.5	137.03	132.70	4.25	155.99	134.29	132.21	172.26	130.81	143.45
Euro-Pacific (1679)	134.66	+0.5	117.71	117.23	1.71	134.00	117.07	116.79	147.53	120.36	136.83
North America (706)	109.41	-0.1	95.64	108.77	3.63	109.49	95.66	108.85	113.29	99.78	132.08
Europe Ex. UK (686)	87.96	+0.7	76.89	85.43	3.18	87.37	76.33	85.08	92.99	80.27	110.28
Pacific Ex. Japan (214)	117.84	+0.4	103.03	105.04	4.29	117.81	105.04	106.70	140.22	87.55	108.99
World Ex. US (1878)	133.73	+0.4	113.72	116.60	1.79	133.16	116.33	116.20	146.49	120.26	137.48
World Ex. UK (2135)	124.23	+0.3	108.60	114.63	2.17	123.91	108.25	114.40	131.77	111.77	133.58
World Ex. So. Af. (2398)	124.24	+0.3	108.61	114.14	2.39	123.88	108.22	113.89	132.99	113.26	134.94
World Ex. Japan (2023)	106.93	+0.0	93.47	103.32	3.76	106.94	93.43	103.31	112.43	100.00	131.83
The World Index (2458)	124.12	+0.3	108.50	113.96	2.40	123.79	108.15	113.72	132.36	113.37	135.26

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.03 (US \$ Index), 92.79 (Pound Sterling) and 94.94 (Local). Copyright, The Financial Times, Goldman, Sachs & Co., Wood Mackenzie & Co. Ltd. 1987. Danish prices were not fully updated due to technical problems at the Copenhagen exchange. Swiss market closed on September 12.

This announcement appears as a matter of record only

## THE BRENT WALKER GROUP PLC

£150,000,000  
Revolving Multi-Currency Loan Facility

Jointly arranged by  
**Standard Chartered Bank**  
and  
**Svenska Handelsbanken Group**

Funds provided by  
Arab Banking Corporation (ABC)  
Banco de Bilbao S.A.  
Bank of Ireland  
Canadian Imperial Bank of Commerce  
Copenhagen Handelsbank A/S  
Crédit Agricole, London Branch  
Crédit du Nord, London Branch  
Hambros Bank Limited  
National Westminster Bank PLC  
Standard Chartered Bank  
Svenska Handelsbanken  
The Bank of Yokohama, Ltd.  
TSB England and Wales plc  
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Agent Bank  
Svenska International plc

September 1988